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Daily Report

LAST ISSUE

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LAST ISSUE

Latin America

FBIS-LAT-96-129
Wednesday
3 July 1996

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Daily Report
Latin America

FBIS-LAT-96-129 *3 July 1996*

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Inter-American Affairs: Roles of Bolivia, Chile in Mercosur

PY0207205796 Sao Paulo GAZETA MERCANTIL in Portuguese 26 Jun 96 pp A2 A4

[Article by Maria Helena Tachinardi]

[FBIS Translated Text] Buenos Aires — Chile and Bolivia, the two new partners of Mercosur [Common Market of the South] in the field of free trade, will guarantee strategic advantages to the whole bloc. Bolivian President Gonzalo Sanchez de Lozada said that given the geographic position of Bolivia, which shares borders with Brazil, Argentina, Paraguay, Peru, and Chile, it will act as a "coordinator country" of transportation and energy integration.

Chilean President Eduardo Frei said: "We are convinced that this association will promote an intense network of exchange between the Pacific and Atlantic coasts, favoring great physical integration projects which, together with the vast network of already existing agreements, will promote the great free trade area in the continent."

Inter American Development Bank (IDB) President Enrique Iglesias said that the construction of the main energy, transportation, telecommunications, basic sanitation, and potable water projects in Mercosur will demand at least $26 billion. He made this statement during the closing session of a seminar sponsored by the World Economic Forum (WEF) that gathered more than 400 businessmen from Latin America, Europe, and the United States.

According to Iglesias, it would be necessary to disburse $1 billion every two weeks to meet the demands of the new market. The IDB already analyzed 15 transportation projects which are budgeted in $11 billion and 20 (thermal electric and gas pipeline) energy projects. "Where are we going to obtain these resources?" he asked. "Part of them will come from Chilean domestic savings," he answered.

The other part, Iglesias said, will depend on the associations that the IDB is making with the private sector to promote new investments. The IDB will assume 25 percent of the costs of the projects and all its risks without the need of a guarantee from Mercosur members.

Sanchez de Lozada said that the future transformation of the River Plate Basin Development Fund (Fonplata), which concentrates resources from the four members of Mercosur and Bolivia in a development bank, will also be important for financing infrastructure projects. He said that the Fonplata members are discussing "how the voting will be" within the scope of the new institution, "whose future is guaranteed."

Encouraged by WEF President Klaus Schwab to speak about Chile's "recipe for success," Frei mentioned one of the most positive figures of the Chilean economic model: "Last year national savings reached nearly 28 percent of the GDP (estimated to amount to $62 billion) while fixed capital investments reached nearly 27 percent of the GDP, which allowed us to maintain a high and stable growth rate within a framework of fuller use of our installed capacity and our labor force."

The Bolivian president, who on 24 June met with Brazilian President Fernando Henrique Cardoso, announced that the construction of the gas pipeline between Bolivia and Brazil will begin within a year. The contract with the U.S. company Enron, which participates in the Bolivian consortium together with YPFB (Bolivian Government Oil Deposits), was renewed for six more months, until mid 1997.

Sanchez de Lozada explained that the Bolivian Government did not guarantee profits to Enron, but there are indications in the extension of the contract that Enron can obtain an 18.5-percent annual interest rate profit, which is the "target" [preceding word in English]. The contract with the Brazilian Government for the construction of a gas pipeline will be signed on 17 August this year, the Bolivian president said.

Regarding the advantages of the free trade agreement with Mercosur, Sanchez de Lozada said he hopes it will help balance the Bolivian trade balance, which is currently quite unfavorable for Bolivia, whose annual exports to Brazil amount to only $20 million while its imports from Brazil amount to $500 million.

The Bolivian president also stressed that the natural gas supply to southeastern Brazil is not the only advantage his country has. Bolivia has an environmentally clean 20,000 MW hydroelectric potential "to offer our neighbors."

During the final session of the Mercosur meeting sponsored by the WEF, Eduardo Escasany, president of the Association of Argentine Banks (Adeba), said that "competitiveness of the banks of the region should take place on a fair basis, which implies the harmonization of the existing norms of each member country." Without that, he said, "there will be a distorted competitiveness."

Escasany recalled that Argentina unilaterally declined to apply the principle of reciprocity regarding the access of foreign banks to the Argentine market. "We think that a manner by which to improve the competitiveness among our banking systems is to extend that measure to the whole Mercosur, even if the principle is maintained for banks outside the zone," he suggested.

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The Adeba president also recommended compliance with Mercosur Decision No. 12/94 on "financial matters," which refers to the adoption of the principles of global banking supervision, consolidated through internationally recommended and accepted practices, techniques, and criteria. "So far, our country is the only one that has implemented this recommendation, which is important for the community's confidence in the solvency of the financial system," he said.

In a message to the businessmen, IDB President Enrique Iglesias recalled that belonging to an integration project like Mercosur gives stability to the economic models and it consolidates the future horizon of the countries.

President Frei made an appeal to the business community: "We do not want volatile capital. We want great investments that will contribute with new technology and jobs."

Inter-American Affairs: C.A. Officials on U.S. Advisory

PA2906233796 Panama City ACAN in Spanish 1955 GMT 29 Jun 96

[FBIS Translated Text] Guatemala City, 29 Jun (ACAN-EFE) — Central American foreign ministers will meet in El Salvador on 8 July to discuss the U.S. Government travel advisory that has been issued to U.S. tourists regarding violence in the region. Guatemalan Foreign Minister Eduardo Stein, who has termed the U.S. measure particularly "unfair" to his country in its efforts to fight organized crime, made the announcement. The United States has warned its citizens not to cross Central American borders given the unsafe conditions.

Stein said that the foreign ministers will also examine the agenda for the joint meetings that Central America will have with Taiwan and Japan in late July or early August. These meetings will be held in the respective capitals (Taipei and Tokyo), he said.

Stein added that ministers attending the meeting in El Salvador will also study the reports issued by Central American integration organizations regarding the progress achieved in this process, as well as the agenda that the presidents should discuss in a summit scheduled for 12 July in Costa Rica.

Inter-American Affairs: Correction—Criminal Assistance

PY2706183396 Buenos Aires TELAM in Spanish 2100 GMT 25 Jun 96

[Corrected version of item filed as PY2606014096, originally published on page 7 of the 26 June Latin America DAILY REPORT; rewording part of penultimate paragraph]

[FBIS Translated Text] San Luis, Argentina, 25 Jun (TELAM) — The foreign ministers of Mercosur [Common Market of the South] member countries today signed a protocol establishing the need for mutual assistance in penal matters, a protocol on civil responsibility in traffic accidents, and a complementary economic agreement between Mercosur and Chile.

The protocols are included in the act of the Common Market Council that deliberated in San Luis within the framework of the 10th Mercosur Presidential Summit.

With respect to the complementary economic agreement between Mercosur and Chile, the official report says: "The decision constitutes formal Common Market Council approval of the agreement signed during the 10th Mercosur Presidential Summit."

The agreement on mutual assistance in penal matters seeks to implement "the commitments by member countries to coordinate their legislations."

The protocol also mentions the many criminal activities that have become international. The document will enable more cooperation in judicial proceedings.

Lastly, the protocol on personal liability in traffic accidents establishes the need for "common norms" in cases of traffic accidents affecting individuals residing in other member countries.

The documents were signed by Argentine Foreign Minister Guido Di Tella, Brazilian Foreign Minister Luiz Felipe Lampreia, Paraguayan Foreign Minister Ruben Melgarejo Lanzoni, and Uruguayan Foreign Minister Alvaro Ramos.

Inter-American Affairs: Correction—Frei on Mercosur, Asia

PY2706183196 Buenos Aires CLARIN in Spanish 25 Jun 96 pp 30-31

[Corrected version of interview with Chilean President Eduardo Frei by Oscar Raul Cardoso and Nestor Restivo in Buenos Aires on 24 Jun; copyrighted by CLARIN; item originally filed as PY2606180896 and published on page 4 of the 26 June Latin America DAILY REPORT; reworded parts of first and tenth paragraphs in slantlines]

[FBIS Translated Text] [CLARIN] Did Chile, as some maintain, obtain greater gains than the other member countries in negotiations to enter Mercosur [Common Market of the South]?

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[Frei] Nobody signs /an agreement/ if it disadvantageous for his country. But one has to be sensible enough to reach an agreement, because if you seek to obtain all the advantages than you run the risk of a failure. I am fully convinced that the formula we reached is advantageous for all countries. Moreover, what we are signing now is only the start of a process that will allow us to perfect the agreements and solve controversies.

[CLARIN] Some believe that by virtue of this agreement, in two years time we will be able to unload Mercosur products in Asia. Do you believe Mercosur can implement a common trade strategy in Asia?

[Frei] Two basic things should be understood. First, one third of Chile's foreign trade is with the Asia-Pacific region and, consequently, it is vital to consolidate our presence in that region. Second, one should bear in mind the fact that APEC (Asia- Pacific Economic Council), of which Chile is a member, is a political forum that aspires to become a free trade zone. As a result of the Mercosur agreements, Chile's presence in Asia gives every member, the entire Latin American continent, an opportunity. Experience tells me that Asian businessmen will not approach the Southern Cone with their objectives focused on one single country. Japanese, Chinese, and Malaysian businessman are interested in a market of 200 to 300 million consumers.

[CLARIN] Is it not rather hasty and risky to believe that with Chile's entry to Mercosur, Argentina, Brazil, Uruguay, and Paraguay will almost automatically have access to Asia?

[Frei] It took Chile more than 10 years to export agroindustrial products to Japan and Korea. It is a long and complicated process. This should be understood and kept in mind.

[CLARIN] Does the fact that Chile chose to join the bloc in terms of a free trade zone limit its political future?

[Frei] I do not think so. We only started talking about common external tariffs three years ago. Now we are discussing services, preservation of the environment, integration of power supply, and bi-oceanic corridors. Economies become integrated and this is the result of political decisions.

[CLARIN] Have the Chilean Government and business sector reached a consensus, especially considering disagreements among farmers over an association with Mercosur?

[Frei] How much has the Chilean business sector invested abroad? Between $10 and 12 /billion./ Where is that money? In the Southern Cone. What greater sign of consensus and confidence than that investment? Chilean businessmen are investing in Argentina, also in Brazil, Peru, and Bolivia. Money is very sensitive: If instability or a complex process are detected it withdraws immediately. In a globalized economy like the one that exists now, the agricultural sector is faced with modernization, which it will have to undergo whether or not we join Mercosur.

[CLARIN] Mercosur will adopt a democratic guarantee clause that neither the EU nor NAFTA have. Why does Latin America, like a newly converted person who must prove that he is truly converted, have to pass this test?

[Frei] This decision must be assessed from two angles. During my recent trip to Europe, I had to answer a lot of questions on this subject. In Latin America terrorism is not endemic and we can, as in the case of the Peruvian-Ecuadoran conflict, resolve the problems with our own mechanisms and in a civilized manner. Why then are we being asked for an additional test. It is also true that, 10 or 15 years ago, Latin America was an authoritarian region. This clause endorses a very clear definition: Democracy is necessary for our development.

[CLARIN] Should a true emergency in this sense surface, would this clause be really effective? Since World War II the need to defend democracy never resulted in any significant international mobilization...

[Frei] If any Mercosur member is shaken by a coup it would be excluded. I believe that in this sense there is a defined political will. The developments in Paraguay revealed a real physical presence among countries of the region to safeguard the democratic principles.

[CLARIN] Despite the integration process in which Argentina and Chile are engaged, they still seem unable to resolve the last border disagreement over the Southern Glaciers. Why do you think they are unable to do so?

[Frei] We must show some maturity. We have signed an agreement, we have the government's political will, and the Congresses must ratify them. The legislators can assess the agreement, and take their time but the problem is in their hands and they must solve it.

[CLARIN] I gather that you consider Argentina's idea of adding an explanatory protocol unacceptable. Is that so?

[Frei] If the purpose of the protocol is merely to explain, to establish details and add to the agreement, then it could be considered. However, if it seeks to substantially modify the agreement, then it is unacceptable.

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Cuba

Cuba: Agreement Signed With Canada To Build Hotels

PA0307040496 Havana Cubavision Network in Spanish 0000 GMT 2 Jul 96

[Report by Hilda Prieto; from the "NTV" newscast; passages within quotation marks are recorded]

[FBIS Translated Text] The first Cuban-Canadian joint enterprise in the tourism sector was created today in our capital. The signing of the document took place on Canada's national day. The agreement on the joint enterprise, Vancuba Holding, Inc., was signed between the prestigious Canadian enterprise Wilton Properties, Ltd. and the Cuban hotel group Gran Caribe. The project includes the construction of 4,200 new rooms distributed in five hotels at Jibacoa Beach, three in Cayo Largo del Sur, two hotels on the Isle of Youth, and one hotel in Havana.

[Alejandro Escobar, identified by caption] "The agreement we have reached will not only help develop relations between our two groups; it will also give prestige to the Gran Caribe hotel group."

[Walter Harold, identified by caption, in English, with superimposed Spanish translation] "This agreement is not only historic but also very important for Canada and the Cuban people."

The joint Cuban-Canadian association's investment amounts to $400 million, 50 percent from each side. The construction work is scheduled to take place in phases, over a 10-year period.

[Canadian Ambassador to Cuba Mark Entwistle, identified by caption] "I am very happy to be here today because this is practically the first large investment in this sector, so important to Cuba's economy."

In 1995, bilateral trade between Cuba and Canada surpassed $500 million. The ambassador confirmed that for Canada, Cuba is the most important country in the Caribbean, and he made reference to his government's opposition to the U.S. Helms-Burton law.

[Entwistle] [passage indistinct] "The Helms-Burton law is so potentially dangerous to international trade that Canada must oppose it. We are constantly in direct contact with the Mexicans. We are looking for a ministry-level meeting of NAFTA to discuss this and we have several other options as well. As you may know, we have a local law in Canada, and an announcement was made — two or three weeks ago in Canada — that we are also going to use our weight and judicial capacity to confront the Helms-Burton law. Trade with Cuba is going to continue because it is based on the solid premise of mutual benefit."

Cuba: South African Health Visitors To Recruit Doctors

MB0307104696 Johannesburg SAfm Radio Network in English 1100 GMT 2 Jul 96

[FBIS Transcribed Text] Senior South African health officials have arrived in Cuba to conduct a second drive to recruit Cuban doctors for South Africa. The South Africans are expected to select more than 200 doctors, who are scheduled to arrive in South Africa next month. The Cubans, who are to be deployed in rural areas, include surgeons, gynecologists and general practitioners.

Cuba: Dentists Devise Health Care Marketing Scheme

PA0207162096 Havana Tele Rebelde and Cubavision Networks in Spanish 0600 GMT 29 Jun 96

[Report by Ruben Pino; from the "NTV" newscast]

[FBIS Translated Text] Dental checkups [paradoncia] and surgery are extremely expensive, but orthodontics and dentures are the most expensive dental disciplines worldwide. How can we maintain a healthy population? Several dentists at Havana Vieja dental clinic have come up with a marketing scheme with very defined goals: maintain health programs, change attitudes and habits, and promote healthier lifestyles. Dr. Nery Vergara has said:

[Begin Vergara recording] Marketing is the business tool of the times. It offers the client what he needs, wants, or hopes to obtain. I do not exaggerate when I say that a man's most precious possession is his health, including his dental health. [end recording]

Dr. Vergara said that marketing practices, including market research, advertising, and public relations, drive the project:

[Begin Vergara recording, in progress]...to motivate the community and the whole health team. This team is made up not only of dentists and dental technicians but also of family doctors, nurses, and day-care and elementary schoolteachers. [end recording]

The media must follow the dental health marketing scheme closely.

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Cuba: Official Claims Popular Support for President, Party

PA0207172996 Havana Cubavision Network in Spanish 0000 GMT 30 Jun 96

[Interview with Jorge Luis Sierra, Cuban Communist Party first secretary in Holguin Province, by correspondent Magaly Pupo in Holguin on 29 June; from the "NTV" newscast — recorded]

[FBIS Translated Text] [Pupo] Jorge Luis Sierra frequently roams the streets, meeting the people of Holguin Province. The province has just won the right to host the 26 July celebration. How do you feel today?

[Sierra] This has been an emotionally charged day. Our people were excited to receive the news, as we saw during the meeting that was held in Holguin at 1100. The wave of happiness sweeping the entire province is revolutionary. We have the support of officials in all other provinces, who have called to congratulate us on our success. I would like to take this opportunity to congratulate Sancti Spiritus and Villa Clara Provinces on receiving the Politburo's recognition for their efforts.

[Pupo] Popular support for the revolution, its top leaders, and the Party is evident. What do you think?

[Sierra] The outcome demonstrates our people's support for Fidel, first and foremost; Raul; the Revolution; and the Party. People are demonstrating their support for the revolution everywhere. This is our response to Yankee imperialism, to their attempts to condemn us at the ICAO [International Civil Aviation Organization] and at the United Nations. We know that we will deal the imperialists another blow at the United Nations: We will show them that they cannot defeat people like us, who are willing to fight.

Cuba: Party on 'Ciudad Nuclear' Municipality's Needs

PA0207202596 Havana Radio Havana Cuba in Spanish 0000 GMT 1 Jul 96

[Report by Mireya Ojeda, in Cienfuegos; from the "Evening Information Review" newscast]

[FBIS Translated Text] The Cuban Communist Party [PCC] has held a meeting in the special municipality of Ciudad Nuclear, next to the Juragua Nuclear Plant in Cienfuegos Province, on problems with technical documentation, work preparation, and the interrelation between construction workers and investment experts in the wake of demands to guarantee Cuba's major work during the current century.

Manuel Menendez Castellano, PCC first secretary in Cienfuegos Province, chaired the assembly. It was good to hear delegates speak of improved living conditions in Ciudad Nuclear, following complaints about cultural and recreational facilities. These are important issues to them, since the majority of professionals and technicians living near the Juragua Nuclear Plant live in Ciudad Nuclear.

Juan Jose Vasquez, territorial assistant director of the construction company of industrial works No. 6, pointed out:

[Begin Vasquez recording] Basic Industries Minister Comrade Marcos Portal has already approved one project. We will begin to implement projects in the coming months to remodel the city; improve the standards of living of all the residents here, including both construction workers and investors; and refurbish the recreational facilities to provide more recreation for all residents. [end recording]

Cuba: Refrigeration Industry Notes New Hydrocarbon

PA0207175196 Havana Radio Rebelde Network in Spanish 1155 GMT 27 Jun 96

[Interview with Engineer Alaerce Diaz by correspondent Jose Arteaga; date and place not given; from the "Doing Radio" newscast — recorded]

[FBIS Translated Text] The use of the new LB-12 hydrocarbons and cleansers in home and commercial refrigeration systems caught the attention of delegates attending the national refrigeration workshop that recently closed at the [name indistinct] electrical conductor and telephone factory, in San Jose de las Lajas Municipality. Engineer Alaerce Diaz talked about problems with expanding the use of LB-12 gas nationwide:

[Begin recording] [Diaz] The plant cannot meet nationwide demand: We are looking at a plant that can produce approximately 100 metric tons of LB-12, enough to service all of the home refrigeration systems and most of the commercial refrigeration systems nationwide.

[Arteaga] When will the Santiago de Cuba plant be built?

[Diaz] We plan to make the first deliveries starting in September 1996.

[Arteaga] Why do commercial and hotel networks that use hard currency not use LB-12? Please talk a little about investments to promote the use of this hydrocarbon.

[Diaz] It has not been possible to reach these enterprises due to the limited production of the gas, which has essentially been used to meet the people's needs. It was

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the people's invention; therefore, the main goal was to meet people's demands and to fulfill social needs. More possibilities are being explored, now that there are plans to expand this new plant. New technology will allow us to increase gas production and quality.

[Arteaga] Can compressors that will be or that have been bought in Mexico use LB-12 gas?

[Diaz] Very well, in fact. We have fully charged them, taken all the measurements, and they worked very well, results were excellent. They are working with no problems. The one in my house has been running for about three years with no problem.

[Arteaga] Which provinces are not presently using LB-12?

[Diaz] All provinces — including the Isle of Youth — are using it, some to a larger degree. We are also trying to extend the use of LB-12 to all municipalities in the country. The purchase of new and smaller tanks will facilitate the product's transportation and delivery to smaller business.

[Arteaga] Thank you, Engineer Alaerce Diaz, who is directly involved in efforts to bring LB-12 gas to Santiago de Cuba. [end recording]

Cuba: Ciego de Avila Oil Extraction Continues After Delays

PA0207145196 Havana Radio Rebelde Network in Spanish 1700 GMT 27 Jun 96

[From the "National Radio News" program]

[FBIS Translated Text] Jesus Marin, director of the Majagua drilling unit, has told reporter Armando Santana that Ciego de Avila oil workers are striving to meet their goal of 205,000 metric tons of oil despite delays:

[Begin recording] [Marin] Oil drilling is going well. We have attained 98.4 percent of our goal since January. We are not giving up on this year's plan. We have extracted over 4,000 metric tons more oil than during the first semester of 1995.

[Santana] What about the 205,000 metric tons that the country needs and the oil workers' ability to extract that much?

[Marin] We are struggling to extract it. We are working, drilling, and doing whatever needs to be done. We are not giving up. We are digging more efficiently than ever. The units are working hard. The workers know the weight of the responsibility on their shoulders. [end recording]

Cuba: Raul Castro's Reporting Challenge to Station

PA0207150596 Havana Radio Rebelde Network in Spanish 1155 GMT 27 Jun 96

[Interview with journalist Antonio Marrero Dumerger by Jose Mejias in Guantanamo; from the "Doing Radio" program — live]

[FBIS Translated Text] [Mejias] Our broadcast continues from CMKS, an anti-imperialist radio stronghold [radio trinchera anti imperialista] here in Guantanamo that is celebrating its 59th anniversary today. Good morning, Antonio Marrero Dumerger!

[Dumerger] Good morning, Mejias! Good morning to all our listeners!

[Mejias] Young Marrero is one of the station's most experienced journalists. How do you feel about CMKS coverage over the last few years?

[Dumerger] Mejias, you have helped our station and journalism in Guantanamo, in general, evolve over the last few years. There are more professional journalists. We have adhered to our country's reporting policies. We continue to move closer to the people, especially during these difficult times for our country. We have always tried to be as close as possible to our people while carrying out our task.

[Mejias] Revolutionary Armed Forces Minister Raul Castro Ruz, Cuban Communist Party Central Committee second secretary, just a few days ago called upon Radio Rebelde comrades, colleagues, and correspondents nationwide to present more profound reports. Is CMKS doing this?

[Dumerger] I think so. Many things are still being done wrong. We must do more to prepare ourselves to meet this challenge; however, I think that we have achieved this to a certain degree over the last few years. I think we still have a long way to go; however, I think it can be reached through goodwill, a collective urge to improve, and organization of our tasks.

[Mejias] Marrero, please pass on congratulations from everyone at Radio Rebelde to everyone at CMKS.

Cuba: Dissident Leader on Prospects for Change

96CA0218A Santiago EL MERCURIO in Spanish 9 Jun 96 p D6

[Interview with Elizardo Sanchez, head of the Cuban Commission on Human Rights and Reconciliation (CDHR), by Blanca Arthur in Havana; date not given]

[FBIS Translated Text] **A Dissident's Proposal: We Want a Transition Headed by Fidel Castro**

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He is likable, like all Cubans. He has also retained his sense of humor, although he is not among those who display the joie de vivre that characterizes Caribbeans. This is understandable, because as an opposition leader, Elizardo Sanchez has felt the oppression of Fidel Castro's regime.

"Supporting the emerging private sector?" he asks somewhat sarcastically when he sees us pull up in a tiny private car driven by a retired man who, like many Cubans uses it to make a few dollars from tourists.

Skeptical about the economic reforms that the Cuban Government has recently pushed, which he describes as cosmetic measures, he feels that much more sweeping structural changes are needed in the economy and, of course, in the political system.

The chairman of the Cuban Commission on Human Rights and Reconciliation was among those who, like most of his fellow Cubans, supported the revolution that Fidel Castro headed in 1959. By the close of the 1960's, however, he had already begun to feel disenchanted, which caused him to lose his job as a professor of Marxist philosophy at Havana University on charges that he held ideas that differed from those of the Communist Party's Politburo.

"But I have continued to study Marxism," he says, "because it has helped me to understand a model like the present one, which is a lot of mumbo-jumbo, as it presents a facade that conceals a quite different reality. There is a facade in Cuba that creates a good first impression, but behind it lies a reality that cannot be ignored."

[Arthur] How would you define it?

[Sanchez] As one of not only material poverty and hardship but also and above all of despairing people. There is great sadness underlying the laughing, dancing Cuban because deep down there is a feeling of profound frustration inasmuch as a model has failed, and the Cuban leadership refuses to admit this failure. [end of answer]

His first timid expressions of opposition led to his first arrest in 1972. It was four years later, though, that he decided to step forward and hold the first formal meeting of dissidents, the goal of which was to issue a declaration supporting the Czech reformers of the Prague Spring.

Elizardo Sanchez is the only one of that entire group who made the choice to keep on fighting inside Cuba, which he has been able to leave only twice. Today he is not allowed to leave.

He has paid a high price for his struggle for human rights. He has spent more than eight years in jail, generally on charges of putting out enemy propaganda, and twice Amnesty International has declared him a prisoner of conscience.

[Arthur] How many political prisoners are you saying there are in Cuba today?

[Arthur] The government says there are none, because it accuses them of being counterrevolutionaries. It does not give anyone numbers, but we estimate that there are between 2,000 and 5,000 political or political-social prisoners. [end of answer]

One of the times he was arrested, some members of his family went into exile. "There were 14 of us in this house, and now only five of us are left," he relates without hiding a degree of nostalgia since two of his children were among those who departed. Today he lives with his two brothers, a niece, and his mother, a resigned woman of close to 80 who rocks back and forth on a chair by the entrance, remarking that at least here a mild breeze floats in to relieve the suffocating heat that has descended on Havana in recent days.

Pinochet Style

There is no lack of movement in this house, which is under constant watch and has been searched many times. In practice it has become the headquarters of the Human Rights and Reconciliation Commission that its owner chairs and is visited by many dissidents, foreign delegations, and newsmen.

"Come on in, this is the Board of Directors' room," he says, walking toward the dining room, where there is a large table, a refrigerator, and on the wall a photograph of him with Felipe Gonzalez.

"In another room I have one of me with Aznar," he adds quickly, explaining that even though he has been and remains a leftist, the group he heads has no political leanings and has received support from various sectors that believe in its proposal.

This is one of the differences between him and the rest of the groups in the internal opposition, which have ties to Christian Democracy or Social Democracy. But the hallmark of the commission that Sanchez heads is that in contrast to what other dissident sectors are calling for, especially the exiles in Miami, who favor a break with the regime, Sanchez' group proposes a consensus transition in which Fidel Castro is actively involved.

"This does not mean that we draw our inspiration from the Chilean model," he remarks spontaneously in explaining his proposal, "but here, too, we have

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a strong man, even stronger than Pinochet was in Chile, and leaving aside the different origins of the two governments, the point is that Fidel Castro is a fact here in Cuba, as Pinochet was in Chile. I think that although Pinochet did not want the transition, he headed it up and even became the guarantor of the democratization process."

Consensus Transition

[Arthur] Are you proposing that Fidel Castro head up a transition?

[Sanchez] We are advocating a process of gradual reforms that the current government should promote, and we want Fidel Castro to head it up.

[Arthur] Isn't this the position of most dissidents?

[Sanchez] This is a minority position. Ever since we put forth this idea we have been harshly attacked, especially by the exiles in Miami but also by other segments of the internal opposition, who say that this proposal means reconciliation with the government. The exiles are to an extent right to worry that we are not excluding the government, but as we have contended, we are seeking a transition scenario with the lowest possible human cost, and this is one in which the current government and its maximum leader, Commander Fidel Castro, play a prominent role by heading up the process of change.

[Arthur] Do you think that Fidel would agree to begin such a process?

[Sanchez] Cuban society, almost in its entirety, wants reforms so that the country can move forward, but a tiny minority, which I do not think is more than one percent, continues to oppose gradual reforms. My great fear is that President Fidel Castro is among this minority, and as a result the huge weight of the majority is of no use because of the power that the president has, in light of his authority, and the backing that he still has among the people.

[Arthur] From your perspective, how much support do you think he retains?

[Sanchez] He retains grassroots support. Some dissident political experts say that if elections were to be called tomorrow, the government would hold onto at least 20 to 30 percent of the vote, which represents enormous support even though it is not enough to win a free election.

[Arthur] Do you attribute this support to the social accomplishments that the revolution has had?

[Sanchez] In the first place it is due to the force of habit, to the charismatic personality of the president who has governed us for 37 years now. It is also due to fear of change, especially on the part of the million or so pensioners who, no matter what, have the assurance of a minimum on which to live, even though it may not go very far. Or it could be because of the political and social inertia typical of any historic change. Above and beyond this situation, however, the transition in Cuba is inevitable in the short or medium term.

The United States' Mistake

[Arthur] What is your stand on the U.S. embargo of Cuba?

[Sanchez] This is another issue that divides internal dissidents and those in exile as well. Most support the embargo and the economic sanctions that Washington has imposed on Cuba, but we are in the minority that criticizes the mistakes in U.S. policy, as we have stated publicly. I recently had the opportunity to reaffirm this in a speech, the one I had to give over the telephone because the government prohibited me from going, to the audience at a meeting organized by a group linked to the Democratic Party.

[Arthur] What are your reasons for opposing it?

[Sanchez] As I have stated, the policy of the embargo and economic sanctions, besides being immoral and invalid from the standpoint of international law and, above all, the laws of international trade, is a mistake, I think, if it is designed to spur liberalization in Cuba because it has the opposite effect.

[Arthur] So you are against the Helms-Burton Act?

[Sanchez] The Helms-Burton Act merely prolongs the mistake of successive U.S. administrations, because this policy, far from hurting the Cuban Government, as some people in Miami and Washington think, fits in quite well with its propaganda program so that it can keep on evoking the image of the external enemy that it has used to keep the Cuban people united.

[Arthur] Do you think that Fidel Castro's internal problems would be worse if these sanctions did not exist?

[Sanchez] Yes indeed. First of all, the official line would become meaningless and the propaganda would end, because this entire line is based on the U.S. sanctions and on the threats and pressures aimed at isolating Cuba. Just consider how absurd it is (at times I have doubts about the intelligence of certain politicians) to promote a policy aimed at isolating a government that is suited to a tee to governing in isolation. It is similar to what happened in Spain under Franco when Europe isolated him. What did he do? Govern in isolation and do whatever he felt like.

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The Downing of the Planes

[Arthur] In your judgment, then, the sanctions help Fidel?

[Sanchez] The Cuban Government goes about providing fuel for the arguments for maintaining and further expanding the sanctions against Cuba. One example is the downing of the planes on 24 February, because until the 23d there were serious doubts in Washington about whether Helms-Burton would pass, and then suddenly on the 24th everything changed because of the Cuban Government's decision to shoot these planes down, an inhuman act that cost four people their lives.

[Arthur] The authorities allege, in any event, that Cuban air space had been violated, and that for some time there had been provocations with flights over Havana that dropped propaganda against the regime.

[Sanchez] The U.S. authorities have confirmed that Cuban air space was violated and as a result they suspended the license of the leader of the "Brothers to the Rescue" movement. But the Cuban Government reacted as brutally as it did because it wanted to push Washington into a decision about which there had not been unanimity until the day before the incident.

[Arthur] In other words, you are saying that it did this because passage of Helms-Burton suited it.

[Sanchez] That is my view. We have irrefutable evidence that the government has undertaken covert intelligence action to encourage the passage of unilateral sanctions. It did this with the Torricelli Act, which the spy services were very much on the alert to have passed, and this law was merely the prologue to Helms-Burton.

[Arthur] Would you describe the U.S. position as clumsy?

[Sanchez] Clumsy, which is truly paradoxical when you consider that this policy has been designed by statesmen, politicians, and lawmakers from a country like the United States.

[Arthur] What do you think would happen in Cuba if the United States decided to lift the embargo and all economic sanctions?

[Sanchez] Events would accelerate, because people would see that the cause of our ills is not Washington's economic sanctions but rather a model that has failed in our country as it did in Eastern Europe.

[Arthur] Do you think there would be a transition?

[Sanchez] A process of democratization would be inevitable because of the grassroots pressure that would develop for economic and political freedom.

[Arthur] If you had the chance to give Clinton some advice, what would you tell him?

[Sanchez] Not to allow himself to be manipulated or conditioned from Havana and to see to it that his administration does not keep on making the same mistakes as previous administrations have in dealing with the Cuban Government, but instead tries a new way of thinking about policy toward our country.

I think that this is difficult, because the problem is that Americans do not understand the real Cuba, because they have still not managed to understand Latin America. This is a fact. The situation in Cuba, given its urgency and the dangers it poses, merits a more in-depth, less simplistic assessment from Washington.

[Arthur] What would explain the U.S. position, in your judgment?

[Sanchez] To an extent they are being manipulated from Havana, because the Cuban Government is headed by the most skillful politician in Cuba's history as a republic, and compared to him Clinton is just an amateur.

[Arthur] And what about internal problems?

[Sanchez] There may be some of those too, and Havana knows how to play on them very well. I think that there is a sort of anti-Castro fundamentalism fueling many of their mistakes.

Disappointments and Hopes

[Arthur] Since you feel that the government's position is not to accept liberalization, are you hopeful that you will emerge from this situation or is your proposal a bit utopian?

[Sanchez] I realize that our proposal for reconciliation based on a transition agreed upon with the government is quite utopian, but this does not cause me to lose hope that we Cubans will be able to find new avenues of democratic coexistence. I am certain of this, and this is why I belong to the minority sector of the opposition, a sector which says that we Cubans should not leave but instead fight, and this means setting an example.

[Arthur] But you have so little domestic presence. How many people are there on your commission?

[Sanchez] There are 31 of us leaders, but we have hundreds, thousands of collaborators. We have been applying for legal registration under Cuban law since 1987, but we have been forcibly denied; thus, we are constantly in danger of being charged with conspiracy, which could mean three years in jail.

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[Arthur] Which human rights would you say are most abridged in Cuba?

[Sanchez] The human rights situation in our country is not uniform; rather, it shows certain contrasts. For example, in terms of social and cultural rights it is comparatively better than what we had before the revolution and than that which persists in some areas of Latin America, such as the poorest regions of Brazil, Peru, or Bolivia. As far as civil and political rights are concerned, however, we are in the worst situation on the continent and perhaps in the world, because the Cuban Government respects none of them: neither freedom of expression, nor of the press, nor of assembly, nor of association, nor of peaceful demonstration, nor to leave the country, nor to work since the state controls employment.

[Arthur] You supported the revolution....

[Sanchez] I supported it, just as all my comrades did. I have been a socialist activist my entire life and I do not regret that, because I believe in democratic socialism, and I am very concerned about the issue of social justice, especially in a country like Cuba, which is not only poor today but is going to be rebuilding under even poorer conditions.

[Arthur] Do you think that some elements of the current model ought to be maintained?

[Sanchez] The accomplishments of the 1959 revolution, which the entire nation supported, such as the redistribution of income, literacy, and health care and education for all should be maintained.

[Arthur] But you advocate political and economic changes....

[Sanchez] We are calling for gradual reforms, because Cuba is not prepared for shock-treatment policies in either politics or economics.

[Arthur] These are the reforms that you want Fidel Castro to head up, but he refuses.

[Sanchez] President Fidel Castro knows quite well what has to be done and he has the authority to do it. The problem is that he does not want to, because all he would have to do is show the political will and Cuba could begin a transition process that would prevent a social explosion. Such an explosion would be the worst tragedy on the continent so far this century if it resulted in a vacuum of power.

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Mexico: U.S. Decision on Tomatoes, Peppers Welcomed

PA0307022396 Mexico City NOTIMEX in Spanish 2227 GMT 2 Jul 96

[FBIS Translated Text] Mexico City, 2 Jul (NOTIMEX) — The Mexican Commerce Secretariat today said it was pleased with the U.S. International Trade Commission's decision denying that Mexican fresh tomatoes and bell peppers harm local producers.

The Secretariat pointed out that "with this decision, Mexican exports of these products to the U.S. market will continue to receive the benefits of the lifting of customs tariffs as stipulated by NAFTA."

According to a communique issued in this capital following this decision, "denying the harm (a complaint filed by producers in Florida) implies an end to the investigations."

Florida tomato producers had complained against these Mexican products, because they believed they adversely affected their local market. This is why Mexico resorted to the mechanisms to resolve controversies that NAFTA stipulates.

However, the Commerce Secretariat affirmed that "it is important to take into account that the pressure Florida producers exerted on these Mexican products will continue in other fronts. Such is the case with the investigations into dumping matters."

The Secretariat added that Mexican tomato exports amounted to $406 million in 1995. During the January-April 1996 period, $32 million worth of these products have been exported.

"Regarding bell pepper exports, they amounted to $109 million in 1995 and to $64 million during the first four months of the year," the Mexican secretariat pointed out.

Diego Fernandez Ros, coordination manager for Latin America of the Mexican Businessmen's Council for International Affairs (CEMAI), told NOTIMEX that the resolution signifies that Mexican tomatoes will continue to have access to the U.S. market.

He added that NAFTA has started yielding positive results for Mexican producers and hopes that the Mexican avocado and cement issues, which are also under investigation, will be favorably resolved.

Fernandez affirmed that the Commission's decision constitutes a success for Mexican exporters and a defeat for Florida farmers. This decision brings an end to the investigations triggered by the complaint these farmers filed in March 1996.

However, the CEMAI official explained that the second complaint on alleged "dumping" filed by the same Florida farmers coalition arguing that Mexican exporters sell tomatoes at prices below their production cost has yet to be resolved.

Mexico: Zedillo Pledges To Fight Drug Trafficking

PA0207205296 Mexico City LA JORNADA in Spanish 27 Jun 96 p 9

[Report by Juan Manuel Venegas and Ricardo Aleman]

[FBIS Translated Text] President Ernesto Zedillo said yesterday during the celebration of the International Day against Drug Use and Traffic that as Mexicans, "we view ourselves as victims, not as beneficiaries of illegal drug trafficking." He added that in Mexico "society and the government are prepared to consolidate a new and broad culture of protection against the drug-trafficking threat."

Attorney General Antonio Lozano Gracia has announced the creation of the National Consensus Program to Prevent, Control, and Combat Drug Consumption [Subprograma Nacional Concertado para Prevenir, Controlar y Combatir el Uso de Drogas]. A council composed of the Attorney General of the Republic and the secretaries of education and health, as well as by "distinguished citizens," including businessman Juan Sanchez Navarro and writers Ricardo Garibay and Angeles Mastreta will supervise the program.

Lozano Gracia said that cooperation with DEA "does not mean we will carry out any joint operation" because its participation in the binational antidrugs group, which will operate in the Federal District, will be within the framework of established rules for "training, technical support, and information exchange."

During the official ceremony in the Adolfo Lopez Mateos Room of Los Pinos Residence, the President said "no nation can feel safe" from the danger that organized crime, "which operates at unprecedented levels of corruption, violence, and destruction," represents.

The president noted the importance of the approval by the United Nations of the Mexican proposal to convoke a special meeting to discuss new forms of world cooperation against drug trafficking.

He said: "This proposal states that drug consumption is the main reason for drug trafficking. The Mexicans believe main consumer countries must make bigger efforts in line with their resources, technical capabilities, their legal traditions, and, especially, with the demands they make of other nations," he stated.

Each country, he said, must assume its responsibilities, be it as producer, consumer, transit point, or money-

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laundering center. In Mexico "we insist that in the formidable common task of fighting drug trafficking, the consumer countries must be the first ones to admit their responsibility."

This is why "as we promote greater cooperation among all nations, in the country's interior we have intensified the destruction of crops and have tirelessly persecuted drug-trafficking bands.

Regarding the National Consensus Program to Prevent, Control, and Combat Drug Consumption, the president said it will be aimed "at reducing the demand for drugs in our country, to prevent children and youths from being lured into using them."

Lozano Gracia said the program will be "supervised" by a Follow-Up and Evaluation Council [Consejo de Seguimiento y Evaluacion] that will meet in session every three months.

This council, he said, could be composed of the attorney general and the heads of the health and education secretariats and will have the participation of "distinguished citizens such as Juan Sanchez Navarro, Armando Fuentes Aguirre, Ricardo Garibay, Gustavo Alatriste, Othon Perez Fernandez del Castillo, Ernesto Lammoglia, Angeles Mastreta, Patricia Olamendi, Hector Bonilla, Carlos Carsolio, and Carlos Hermosillo."

The attorney general and the leaders of the Senate and the Chamber of Deputies, Fernando Ortiz Arana and Humberto Roque Villanueva, respectively, signed an agreement to celebrate new forums for public consultations in matters pertaining to the prevention, control, and combat against drug consumption.

After saying that 70 percent of the annual PGR budget goes to the struggle against drug trafficking, Lozano Gracia reported results of this struggle this year: Eight tons of cocaine, 395 tons of marijuana, 110 kg of heroin, and 51 kg of opium have been seized.

Regarding eradication, Lozano Gracia reported that 5,381 hectares of marijuana and 7,860 hectares of poppy have been destroyed. He said: Practically in every species there has been an improvement of 10 to 50 percent compared with the same period last year."

At the Second National Colloquy against Drug Addiction organized by the PGR at the National Anthropology Museum, Colombia's Ambassador to Mexico Gustavo de Greiff criticized the repressive methods the United States uses to face the production and marketing of the drugs, as well as consumption, "often stepping on the law."

Mexican Health Secretary Juan Ramon de la Fuente affirmed that Mexico "has given clear evidence of its commitment to discuss in an integral and committed fashion" the drug traffic problem "that concerns us all because it harms all of us."

In closing the event, Secretary de la Fuente said that 3.9 percent of the Mexican people "have consumed some illegal drug sometime in their lives" and cautioned that "we must maintain a steady prevention system."

Mexico: Plastics Industry Favors Pemex Privatization

96CA0232A Mexico City EL ECONOMISTA in Spanish 25 Jun 96 p 1

[Article by Guadalupe Ramos "Plastics Industry Asks for Speedup of Petrochemicals Sale" — received via Internet]

[FBIS Translated Text] Imports of raw materials will increase 50 [as received] as a result of the delay in privatization, IMPI [Mexican Industrial Plastics Institute] estimates.

The plastics sector controlled by Pemex is 40 years behind, technologically speaking, and the delayed privatization of Pemex Petrochemicals will force the national plastics industry to import 900,000 tons of raw materials this year, an increase of 300,000 over 1995, Rafael Blanco says.

The president of the Mexican Industrial Plastics Institute reports that the plastics industry currently depends upon the private rather than the public sector, as a result of which PET [expansion unknown] leads the way with respect to new investments by Celanese, Shell Chemical and Itsma for production of the resin.

Thanks to this injection of resources, PET production will increase from 90,000 tons in 1995 to 500,000 in 1998.

Delayed privatization of secondary petrochemicals will greatly affect the industry due to a scarcity of raw materials, mainly polyethylene and polypropylene, which comprise 40 [sic] of the entire plastics industry.

Lacking of other alternatives, the only solution lies in imports, as a result of which some 50 marketing enterprises have sprung up in the country.

The current solution is to buy abroad, but any increase in the worldwide demand for plastics could result in a scarcity of finished products in Mexico when foreign purchases can no longer be made so easily.

An added problem is the growth of new *maquiladoras*, assembly plants that are stealing orders from Mexican enterprises which have failed to take advantage of new business opportunities and to invest.

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Privatization will benefit the plastics industry, which could double in size. There are plans to invest in more productive machinery, which would in turn mean increased productivity.

Blanco noted that the plastics industry invested $200 million in machinery in 1995, a figure expected to increase to $400 million this year.

Interviewed at the opening session of the 12th Congress of Containerization and Packing, Blanco said that over the past 12 months, five maquiladoras have been set up in the plastics industry every month, a number that is expected to increase to ten in 1996. This in turn means increasing foreign control of the national sector.

Foreign competition brings in its own [raw] materials, given the lack of aggressiveness on the part of Mexican entrepreneurs and the unavailability of raw materials at competitive prices.

Already this year, 20 companies have been set up that use advanced technology and offer benefits to the consumer, he noted.

Mexico ranks fourth in the world in terms of oil production and 30th in plastics.

Per capita consumption is the United States is 200 kilos, compared with 25 for Mexico, he observed.

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Costa Rica

Costa Rica: President Ratifies Previous Cabinet Ministers

PA0307045296 Panama City ACAN in Spanish 0321 GMT 3 Jul 96

[FBIS Translated Text] San Jose, 2 Jul (ACAN -EFE) — Following a long and tense day of uncertainty, Costa Rican President Jose Maria Figueres, today practically ratified his previous cabinet and only incorporated three new faces, who will accompany him during the 22 months still remaining of his administration.

Figueres, who this past Monday unexpectadly requested the resignation of his entire cabinet, decided to close down four ministries, implemented changes in five others, but decided to continue with the same officials who served as heads of other portfolios, and ratified the rest of his cabinet.

The president, who had created four ministries when he arrived in office in May 1994, decided to close down these same ministries "in order to downsize the government." The closed ministries include: State Reform (Mario Carvajal), Specific Issues (Victor Ojeda), Regional Coordination (Sergio Quiros) and Special Projects (Longino Soto).

Figueres decided to incorporate Rodolfo Silva into the Transportation Ministry; Deputy Ricardo Garron (Agriculture) and a new economy minister whose name will be announced tomorrow, Wednesday.

The new ministers in Figueres cabinet are:

Justice	Juan Diego Castro
Public Security	Bernando Arce
Presidency	Marcos Vargas
Transportation	Rodolfo Silva
Economy	pending

Ministers ratified include the following:

Foreign Relations	Fernando Naranjo
Labor	Farid Ayales
Planning	Leonardo Garnier
Culture	Araceldo Mora
Natural Resources, Mines, and Energy	Rene Castro
Health	Herman Weinstock
Education	Eduardo Doriaa
Tourism	Carlos Roesch
Finance	Francisco de Paula
Foreign Trade	Jose Rossi

As head of the Housing Ministry, Figueres ratified Second Vice President Rebeca Grynspan, who takes over the portfolio following the resignation two weeks ago of Edgar Arroyo.

Guatemala

Guatemala: White House Report Said To Exonerate Alpirez

PA0307014196 Guatemala City LA REPUBLICA in Spanish 2 Jul 96 p 3

[FBIS Translated Text] A report prepared by a special commission appointed by President Bill Clinton exonerates Colonel Alpirez from any charges and may well include sensitive issues that could affect relations between the two countries, Foreign Minister Eduardo Stein disclosed, at the same time explaining that the U.S. travel caution is not specifically a travel warning [previous two words published in English].

The commission was appointed 15 months ago by a decree by the U.S. President and was entrusted with the responsibility of determining the alleged participation of officials from the various U.S. intelligence agencies in dubious or clearly illegal activities in Guatemala. The commission's final report was presented to the White House on 28 June and was made public shortly prior to the G-7 summit in France.

With respect to the report, the foreign minister stated that one of Guatemala's main concerns is that one of these agencies may have found it normal to hire the services of individuals clearly linked to criminal activities but which they felt were necessary for U.S. national security. According to Stein, "it is as if Guatemala were to go to the United States to hire the services of American criminals because they would help our own security."

Guatemala: President, Foreign Minister Welcome AID Report

PA0307021196 Guatemala City LA REPUBLICA in Spanish 2 Jul 96 p 3

[Report by Hector Borrayo Santos]

[FBIS Translated Text] The Guatemalan Government has stated, through President Alvaro Arzu and Foreign

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Minister Eduardo Stein, its satisfaction with regard to the U.S. position, as outlined in a report from AID. The AID report is positive and encourages the peace process, which is termed as irreversible and which could conclude with the signing of a definite agreement this year.

Referring to this, the president said: "I thank the newspaper LA REPUBLICA for publishing the document, and I deplore the fact that others did not do so, because it is very positive and it proves that many of the apocalyptic predictions regarding the country — that we will have a travel advisory [preceding two words in English] or travel warning [preceding two words in English] — are obviously denied by publications in which the U.S. Government recognizes that this government is making the greatest efforts and working hard to come out well."

Moreover, Foreign Minister Stein said the government is obviously pleased with this statement because it is a way of recognizing the the efforts by President Arzu and his government team with regard to development.

He added that there have been other statements, although not so specific, from countries and groups of countries, for example, the European Union. He emphasized that, in his opinion, this is a very positive sign at a time when the negotiation process of the peace talks is about to conclude and to the extent that they agreed with the government program's obligations and actions — the main pledges included in the agreements that have already been signed.

He said that, consequently, the ministries' action programs and draft 1997 budget already include provisions to honor the pledges, especially the socioeconomic and agrarian agreements.

Eduardo Stein also said that, since the negotiations have yet to conclude, this type of support represents a positive sign that could later lead to cooperation and collaboration projects.

The U.S. position that led to the foreign minister's statements is stated in a document issued through the assistant of the AID's Office for Latin America and the Caribbean, praising the efforts exerted by the government in the peace process' revitalization and progress, predicting the signing of a definite agreement this year, and reiterating its interest in politically and economically cooperating with the same.

Guatemala: Military Plans To Dissolve PAC's

96CA0237A San Jose LA NACION in Spanish 25 Jun 96 p 1

[Received via Internet]

[FBIS Translated Text] Guatemala City (EFE)— Yesterday, the Guatemalan defense minister, General Julio Balconi, announced that the Army is preparing a plan to dissolve the Civil Self-Defense Patrols (PAC's), and to withdraw military detachments from locations in which their presence is no longer considered necessary.

The demobilization of the PAC's, created in 1982 by the regime then headed by the coup plotter general, Jose Efrain Rios Montt, and the removal of barracks from communities in the interior of the country, have been demanded by human rights defense agencies.

Balconi told the press that the Army plans to dissolve in three steps the patrols that consist of approximately 500,000 peasants.

He explained that, in the first one, there will be a heightening of awareness among their members; next, action will be taken to disarm them; and, finally, an analysis will be made of the possibility of their continuing to operate at will.

The military chief commented that some PAC's have already been demobilizing in the country's interior, while others are voluntarily surrendering their weapons.

According to Balconi, the majority of PAC's are organized in the departments of Quiche, Huehuetenango, San Marcos, and Chimaltenango, in Guatemala's western plateau region.

The minister said that he is waiting for a report from the military bases operating in Guatemala's 22 departments, so as later to undertake the disarming of the PAC's where their organization and presence are no longer deemed necessary.

Balconi also claimed, without going into further detail, that the withdrawal of several detachments from communities in the country's interior is being studied.

Honduras

Honduras: No More Troops To Serve in UN Peace Missions

96CA0236A San Jose LA NACION in Spanish 27 Jun 96 p 1

[Received via Internet]

[FBIS Translated Text] Tegucigalpa (ACAN-EFE)— Yesterday, the Government of Honduras announced that

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it will not send any more troops on UN peace missions, owing to the world organization's delay in paying the salaries of approximately 220 Honduran soldiers who participated in Haiti.

The Honduran minister of foreign affairs, Delmer Urbizo Panting, gave a reminder that Honduras contributed to the restoration of peace in Haiti with a military contingent that remained in that Caribbean country for 10 months. Nevertheless, those military forces have not received their salaries.

The soldiers' pay is about $1,050 per month and, according to the minister, the United Nations organization's partial debt amounts to $1.7 million.

For nearly four years, Honduras has maintained a small group of military officers in western Sahara, where they also are carrying out a peace mission, aimed at achieving an agreement between the Polisario Front and Morocco.

Last week, it was reported that one of the officers participating in western Sahara was wounded, but not very seriously, when he stepped on an explosive device while performing his work.

Urbizo Panting noted that, so long as the UN fails to keep its commitments, "Honduras has decided not to participate in other peace missions for the time being." As has been reported, the salaries of the Honduran soldiers who participated in Haiti between April 1995 and January 1996 will be paid by their country's government within the next few days.

Panama

Panama: Article Views Pollution at U.S. Military Bases

PA2906145996 Panama City EL PANAMA AMERICA in Spanish 26 Jun 96 p A6

[Article by sociologist Raul Leis: "The Military Bases' Polluting Danger"]

[FBIS Translated Text] The recent spill of thousands of gallons of jet fuel at one of the U.S. military installations in Panama constitutes a new warning that reminds us of the significance of the environmental issues and how real pollution at military areas is on this part of our territory.

All this makes it necessary to again include on the agenda the studies conducted on this problem, especially those of environmental toxicologist Jaime Espinosa, who affirmed that, at 1,900 U.S. military installations around the world, there are 17,000 places posing environmental risks to water, air, and land and that, even though $500 million are being invested in their cleansing this year, between $100 and $400 billion are necessary. So far, only 2 percent of these military installations have been duly cleansed.

Regarding the Panama Canal, in the 1950's, military waste used to be burned and dumped in ditches dug in the ground, without foreseeing that this toxic waste could find its way into water tapped for human consumption. The high cost of the eradication of undetonated bombs ($150 million is the cost for a 3,200-hectare base) has more consequences such as the ones the media have repeatedly reported in the last few years: cases of civilians, especially Panamanian youths and peasants, who have fallen victim to explosives left behind at military training camps located on the Panama Canal.

It is useful to recall that practically the entire country has been used for the defense of the Canal; this is why there could well be hidden centers of pollution in many areas. During World War II, 77 military landing strips were built on Panamanian territory, 70,000 soldiers were stationed here, and 44,000 vessels transporting materiel and troops transited the Canal during the five years the war lasted. What are the polluting effects of the 1989 invasion? There currently are 21,415 hectares of training grounds on the banks of the Panama Canal. These firing ranges and zones have been largely corrupted by decades of military training that have left in them explosive debris, defoliation agents, and toxic substances so extreme that U.S. troops themselves have been banned from certain sectors.

A recent case is that of the San Jose island, located in the Gulf of Panama, where the Endara government wanted to lodge 10,000 Haitian refugees in 1994. Until 40 years ago, this island was used to test biological and chemical toxic gases. There is no evidence that a study has been conducted here to guarantee that the island is safe.

Measures controlling the types of merchandise that transit the Canal are necessary, because it is estimated that 40 percent of the vessels that transit it carry toxic and radioactive waste. In addition, war vessels equipped with all sorts of weapons and lethal substances transit the Canal too.

What are the polluting effects of all this massive use of warlike materiel on people? According to the Panama Canal treaties, the United States must hand its civilian and military installations in Panama over in good shape. The cleansing of U.S. military bases must not be limited to only eliminating undetonated explosives, but to the elimination of all forms of pollution, such as the most recent fuel spill. Panama must demand detailed reports from the United States and must also conduct its own studies on the state of the military installations that will

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revert to Panama. I believe that if the United States fails to comply with this, it must fully compensate Panama.

Fortunately, this issue is beginning to gain the attention of various segments of Panamanian society, and it is important to set the parameters that must be used to gauge pollution. For some, this must include the historical use of the area, not only its current status. The recently held Panama 2000 Meeting focused on this issue, which will certainly be discussed in the forums that were agreed on to be held in the future. In addition, various schools, colleges, and universities have included this issue in their curricula. The people must organize themselves to contribute to resolving the problem, especially the current or future residents of these areas, who are being or will be adversely affected by the existing or potential pollution.

Those who favor the permanence of the military bases in our country must take into account not only the alleged economic advantages, but also the risks of pollution or of becoming the target of warlike attacks typical of the permanence of foreign armies' bases in a country that does not have an army of its own.

Panama: President on Virzi, Free Zone Tax, Social Security

PA0207163896 Panama City EL UNIVERSAL DE PANAMA in Spanish 27 Jun 96 p 1A

[Report by Berta Burgos]

[FBIS Translated Text] President Ernesto Perez Balladares told EL UNIVERSAL DE PANAMA that Second Vice President Felipe Virzi is not responsible for the infiltration of illicit money in the 1994 electoral campaign. During an exclusive interview with the president, he said that the Attorney General's Office is conducting the necessary investigations to clarify the matter, and stated that he will not take any measures against his vice president, who is in no way responsible for this situation.

Panama has a democratic regime and the laws do not allow me "to take measures against the Vice President Felipe Virzi," Perez Balladares asserted.

The president added that halfway through the 1994 campaign donations were accepted from the Fuji Investment Inc., owned by Jose Castrillon Henao, based on recommendations from the banks Banco Exterior and Banco Germanico Aleman. He stated that back then Felipe Virzi told him he did not know the aforementioned businessman, and all the second vice president had were good personal and financial references about him.

Advance Tax Payments in the Free Zone To Stay

The president emphasized his firm refusal to postpone the advance income tax payments, despite the pressure from the users of the Colon Free Zone for an extension. The tax will be collected at the end of the month as established by the Law on Generalization of Tax Incentives.

He said the government is prepared to discuss a reassessment of the payment method, but "we cannot talk of democracy, when it suits us, and later rely on dictatorial methods."

The president affirmed he cannot repeal a decree approved by a law except through another law. "I cannot invent a law in one week for the Assembly, which has its own procedures, to approve," he noted, stressing that he cannot do things right if he has to work hastily while dreading the 30 July deadline.

Perez Balladares stated, however, that the government is prepared to review the payment method so that things proceed smoothly, even though the Free Zone users were the ones who proposed it.

Recommendation Favors Kawasaki

The president disclosed it had been initially foreseen that the Kawasaki company would develop the area's port system, but other companies promised to make better offers.

This was the recommendation by the commission appointed to that effect, but the Bechtel Sea Land and Hit companies promised to make a better offer to develop the Cristobal and Balboa ports.

"It was irresponsible to grant so quickly the development of the Cristobal and Balboa ports to the Kawasaki company," which is why last Monday the decision was made to grant a 10-day extension to analyze the proposals to be submitted within the minimum parameters established by the government.

Enactment of Increase to Retirees

The president said he signed into law the increase to retirees approved last Monday evening because he does not want retirees to see their legitimate aspirations postponed needlessly.

This law takes funds from some Social Security Fund (CSS) programs, and creates the "Adjustment Fund" to pay for the $25 increase in the pensions of the CSS retirees.

"Pensioners defended their claims in petitions at the table of negotiations and in the streets. I wish that had

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not been necessary and that the CSS's financial structure would allow for periodic cost of living adjustments," the president said.

He also pointed to the prompt action with which the Legislative Assembly, which despite being overwhelmed by all kinds of emergencies, maintained its solidarity with the CSS pensioners; the diligence of the CSS officials, with their director Ricardo Martinelli at the head; and the enthusiasm Presidency Minister Raul Arango demonstrated to find viable formulas to grant the raise without jeopardizing the stability of the CSS.

The president also noted that the country's social security must be fully reevaluated to determine if its ground rules still apply. He added that in order to reach viable conditions and lasting solutions to this issue we must avoid the temptation of turning it into another occasion for "demagoguery and facile support, as if we did not have enough of that already."

Panama: President Repeats Offer To Set Up Antidrug Center

PA0307020496 Paris AFP in Spanish 1733 GMT 2 Jul 96

[FBIS Translated Text] Panama City, 2 Jul (AFP) — Today, Panamanian President Ernesto Perez Balladares reiterated his offer to set up an international center to fight drug trafficking and money "laundering" in one of the U.S. military bases that will revert in the year 2000.

"The center will operate as a joint Latin American effort on the banks of the Canal," the president told AFP, stressing that this initiative is proof of his determination to fight drug trafficking.

According to Perez Balladares, the Multilateral Coordination Center to Fight Drug Trafficking would be tasked with compiling and facilitating the exchange of information among all participant countries, training specialized personnel, and coordinating operations.

During the OAS Assembly held in Panama in June, Perez Balladares offered the foreign ministers of the OAS member nations to use the installations in the Canal zone to install the center. Currently, he is reiterating his proposal amid a scandal arising from the infiltration of narco-funds into politics.

Last week, the president revealed that a company belonging to alleged Colombian drug trafficker Jose Castrillon Henao contributed $51,000 to his 1994 electoral campaign through the company Fuji Investments. However, he clarified that he was not aware of the source of these funds.

The Panamanian president instructed the Attorney General's Office to conduct an investigation into this matter and denied that the scandal justifies a U.S. military presence in Panama after the year 2000.

"No one has adopted the measures we have adopted (against drug trafficking)," Perez Balladares remarked. He also denied the existence of a crisis in his government following his announcement of the illegal financing.

Perez Balladares pointed out that in the past 20 months, his government has adopted drastic measures to fight money "laundering" via corporations, banks, and the Colon Free Zone, Latin America's leading reexport port.

He added that to prevent corporations from being used for illegal operations, his government approved a law in 1995 that "forces all lawyers to have a thorough knowledge of who their clients are."

According to Perez Balladares, his government "is forceful in the interdiction and seizure of drugs" and "will do whatever is necessary" to fight drug trafficking.

A radar and flight control center, designed to monitor drug-trafficking activities in the region, operates on the U.S. Howard Air Base, located approximately 11 km southwest of the capital. The U.S. Army has operated this system since 1990.

According to official sources, Panama is often used as a "bridge" for shipping illegal drugs coming mainly from Colombia. In June alone, the Narcotics Police seized 4.5 tons of cocaine, valued at approximately $90 million in the "black market."

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Argentina

Argentina: Government Admits Failure To Meet IMF Goals

PY0207195796 Buenos Aires NOTICIAS ARGENTINAS in Spanish 0052 GMT 2 Jul 96

[FBIS Translated Excerpt] Buenos Aires, 1 Jul (NA) — The government admitted tonight that it will not be able to fulfill the fiscal goal agreed upon with the IMF for the first half of the year. Fiscal results during this period will be "a little below" what was agreed upon with that organization.

The situation was admitted by Finance Secretary Ricardo Gutierrez when revealing the amount of June's tax collection figures, which totaled 3.7251 billion pesos.

These tax collection figures are 3.5 percent below the level of collections for the same month of last year, when the figure of 3.8593 billion pesos was reached.

The goal agreed upon with the IMF for the first half acknowledges a fiscal deficit of up to 1.472 billion pesos. The government is convinced that it will not be able to meet the goal, although it still cannot determine the amount of the deficit.

The Economy Ministry expects to compensate for this failure with an improved performance in the second half of the year, and particularly with Treasury revenues in July. We have "great expectations," Gutierrez said.

This is why the Economy Ministry has already used the $250 million it had in invoices issued by companies during the last tax moratorium and another $150 million from the quarterly installment that the Central Bank deposits in Treasury accounts.

In this context, Gutierrez said that the economic team will, in the next few days, analyze the possibility of seeking congressional authorization for an increase in the level of indebtedness anticipated for 1996, which has already been reached during the first half.

Gutierrez said, however, that what the Economy Ministry will request "is not an increase in authorized spending, but more flexibility in financing strategies." [passage omitted]

Argentina: Failure To Control Unemployment Acknowledged

PY0207194996 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1428 GMT 29 Jul 96

[FBIS Translated Excerpt] Buenos Aires, 29 Jun (NA) — The government for the first time today admitted that it failed in its attempt to control unemployment and recognized that the index of 17.1 percent resulting from the last Home Survey conducted by INDEC [National Institute of Statistics and Census] is high. The government expressed hopes, however, that the situation will not be permanent.

The recognition was made by Vice Economy Minister Juan Llach, who said that in the past three years the government "failed" "to create new jobs," adding that you cannot hide reality, just as "you cannot cover the sky with a strainer."

"There is no doubt that we have failed to create job opportunities. Now we have a great challenge before us. The difference with those who criticize us is that some of them think that the situation will be permanent, like the decade of high unemployment in Chile. We maintain just the opposite," the official stressed. [passage omitted]

Llach said that the high unemployment rate is not a consequence of the economic model "implemented by the government," adding: "Jobs will be created if the economy grows at an important rate."

Llach told a radio station this morning that Economy Minister Domingo Cavallo was "surprised" by the new index because he expected it to be much lower.

Llach pointed out that "all governments make mistakes, this government is not an exception, and all economic models have a cost."

"We have a very high unemployment rate, which is of concern and ranks in first place in terms of the agenda of priorities," Llach admitted, stressing, however, that "the process of elimination of jobs associated with economic transformation and recession has stopped." [passage omitted]

Prepaso [Front for a Country in Solidarity] leader Carlos "Chacho" Alvarez and Radical [Radical Civic Union] President Rodolfo Terragno agreed today in warning that the government "is paralyzed and powerless" to deal with the problem of unemployment.

Alvarez and Terragno — the most important leaders of the main opposition parties — renewed their criticism of the Carlos Menem administration for the 17.1 percent unemployment rate, which was confirmed by official figures disseminated by Cavallo himself.

Alvarez expressed the belief that the government "is absolutely powerless" to face the problem of unemployment, stressing that the current economic plan "is deeply unfair and includes a great dose of exclusion and marginality."

"The index shows the disease, a very grave diagnosis indicating that this plan pushes a great number of

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Argentines aside," the leader of the center-left alliance said.

Terrageo in turn stressed that the government is "paralyzed" and does not do anything to stop the growth of the unemployment rate, stressing that the executive branch "cannot stand idly by and do nothing in the face of this problem."

"Decimal portions do not matter, only the size of the 17 percent. The president promised that he was going to crush unemployment and now he must do something," the Radical leader told a radio station this morning. [passage omitted]

Alvarez told another radio station that "other worrisome figures show an advance in underemployment and the increasing weakness of the job market in view of more and more temporary contracts that workers accept for lack of stable jobs."

"The dogma saying that labor flexibility will create more jobs is already under debate. Argentina has one of the highest unemployment rates in the world and the region and you cannot use the excuse that the problem is international in nature," Alvarez said, in an indirect reference to the argument used by President Menem.

The Frepaso leader insisted that the current economic model "eliminates jobs and creates more unemployment," stressing that the government "thus far has not implemented active and efficient policies aimed at reversing the trend."

Argentina: Menem Pursues Process Toward 'True' Federalism

PY0207160396 Buenos Aires TELAM in Spanish 1933 GMT 1 Jul 96

[Report by unidentified special correspondent]

[FBIS Translated Excerpt] La Rioja, 1 Jul (TELAM) — President Carlos Menem confirmed today the government's decision to pursue the transformation process and to strive toward true federalism.

Menem noted: "We are pursuing Argentina's biggest transformation toward the regionalization of the provinces within a continental context, involving Mercosur [Common Market of the South]."

The president participated in a ceremony to launch the "Federal Program for the Integral Prevention of Drug Addiction and for the Control of the Illicit Drug Traffic" [Plan Federal de Prevencion Integral de la Drogadependencia y de Control del Trafico Ilicito de Drogas]. During the ceremony, mother-child care and teachers training agreements between the federal government and the La Rioja provincial government were also signed.

During the ceremony at the Victor Caceres Theater in La Rioja, Menem emphasized the government's drive "to restore the concept of federalism, which has been frequently raised, but has never materialized in Argentina."

Menem noted: "We began to implement this federalism in 1989 through the transformation process, which allowed the provinces to regain their true autonomy, decide their destinies, and resume the path of development and growth."

La Rioja Governor Angel Maza; Senator Eduardo Menem; Health Minister Alberto Mazza; Julio Cesar Araoz, secretary for the Prevention of Drug Abuse and for the Antinarcotics Struggle; and bishop Fabriciano Sigampa were present. [passage omitted]

Argentina: Menem Views Cavallo's Remarks on AMIA Inquiry

PY0307035196 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2030 GMT 2 Jul 96

[FBIS Translated Text] Buenos Aires, 2 Jul (NA) — President Carlos Menem today stated that [Economy Minister] Domingo Cavallo's remarks regarding the lack of developments of the investigations into the attack on the Israeli Embassy and the AMIA [Argentine-Israeli Mutual Association] "should be interpreted as the expression of a minister who is concerned about the matter."

Referring to the economy minister's criticisms, Menem said: "I do not know whether it was a good thing to say or not, but the minister and everyone else are aware that not only Argentine authorities but also international organization are investigating the case."

In statements to Radio America, made in Anillaco, La Rioja the chief of state also said that "one must be patient and wait; I am certain we are going to find the intellectual and material authors of those terrifying attacks.

Moreover, Menem said that currently there are less cases of corruption and urged people to remember that "when the enterprises (privatized) were in the hands of the state apparatus they were true pockets of corruption where $17 billion were lost and no services were rendered."

He said that the alleged cases of corruption reported "are being investigated because the government conceals nothing" and mentioned the unfavorable unemployment rate figures disclosed last week that "could have been

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delayed a few days" in view of the upcoming elections in Buenos Aires.

Menem noted that the 17.1-percent rate "was one and one-half point lower than in May," and commented that this rate is high namely because "there is a huge black market economy."

He added that the unemployment problems must also be interpreted within the framework "of a world with an economy and policy being constantly globalized and we cannot be the exception."

On 29 June, within the framework of a meeting of the Mediterranean Foundation, which he heads, Minister Cavallo warned about the existence of "corruption pockets" in every area of the national government.

Menem said that "the fiscal deficit in Argentina is one of the lowest in the world; it does not even amount to 3 percent of the GDP, and the foreign debt will not amount to 30 percent." He went on to say that "because of this it is said that Argentine is the only American country ready to adhere to the Maastricht agreement."

He added: "This fact must be taken into account, not only what is wrong but also what is going well."

He asserted that in order to fight unemployment the government "is inviting many capable people," but explained that "what is necessary is a bit more cooperation from the businessmen, especially those who have the chances of making money in Argentina and reinvesting it."

Argentina: Government Said To Blame Cavallo for Defeat

PY0307032396 Buenos Aires CLARIN in Spanish 1 Jul 96 p 10

[By Nancy Pazos]

[FBIS Translated Text] It was the worst election Menemism has experienced in the federal capital. Nevertheless, no one in the government felt responsible for the failure. Once again when the time came to assign blame, political operators at Government House and the Justicialist Party [PJ] decided to put the blame on the Economy Ministry.

[Economy Minister] Domingo Cavallo was the center of all criticisms made by government officials who decided to speak out but who requested to remain anonymous. As if Cavallo was responsible for the election results just for having acknowledged on 28 June that the unemployment rate totalled 17.1 percent or as if his insistence on the need for openness during a dinner at the Mediterranean Foundation had a decisive impact on the election.

Even the JP candidate expressed his rage against the economy minister. When by mid-afternoon polls were already showing that he would rank third — far from the second-ranked Norberto La Porta and near the fourth-ranked Gustavo Beliz — the mayor told his aides: "From now on, Menem will have to decide to govern with or without Cavallo."

This was not the first time that [PJ candidate] Jorge Dominguez had complained about Cavallo. He had already done so by mid-race when he demanded the economy minister to make a more public commitment with his campaign.

This same scene had been repeated before, however. During the senatorial elections in October, the candidate was Erman Gonzalez and the PJ came out third with 22.6 percent of the votes. That same night, all the members of a disappointed PJ campaign committee asserted that Cavallo was to blame. At the time, Cavallo had not said anything about unemployment figures. Nevertheless, a few months prior to the elections, he did announce in Congress the presence of government-entrenched mafias.

Also at Government House

However, it was not only the candidate who criticized the economy minister. At Government House, where [Interior Minister] Carlos Corach and his aides were trying to show that not all government offices were empty, Cavallo's name was also mentioned.

Corach, Senator Eduardo Vaca and Deputy Miguel Angel Toma were at Government House early in the morning but they were not discussing the election; the three centered their discussions on placing the National Border Police and the Coast Guard under the jurisdiction of the Interior Ministry.

In addition to being top-ranking PJ leaders in the federal capital, Vaca and Toma are chairmen of the Defense Commission in the Senate and the Chamber of Deputies, respectively.

When the first exit poll results were issued, Corach phoned President Carlos Menem in Anillaco. Would you get me the phone number of [Radical Civic Union candidate] Fernando (De la Rua)?" was the president's blunt response.

Curtains for Ruckauf

It took the JP one hour to acknowledge its defeat and to disappear from the scene. By 7 p.m. no political leaders could be found at the PJ headquarters located at 800 Belgrano Avenue. Without an image consultant to

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prevent it, Dominguez's last remarks were made behind an iron grate door.

The first to leave had been [Vice President] Carlos Ruckauf. He held a comfortable second place in the PJ's list of culprits, right after Cavallo.

Perfectly aware of his difficult situation (he obtained even less votes that Dominguez did), Ruckauf preferred to cancel all interviews he had granted and seek refuge in his private home.

There was a reason for the vice president's silence. He made a worse choice than Dominguez. During the campaign he chose to play an individual role without adhering to Dominguez's candidacy. In view of this all Menemists are only waiting for Ruckauf to make a bad move to ask for his head, particularly because of his ties with [Buenos Aires Province Governor] Eduardo Duhalde.

Ruckauf found consolation in Menem's statement. Speaking last night to one of his aides, Ruckauf said: "The president was more than prudent so we will keep silent. We will only respond if we are attacked."

Only one thing was troubling the ruling party late in the day: trying to avoid the adverse results from being interpreted as a vote of punishment.

Argentina: Arms Sales Cause 'Damage' to Image Abroad

PY0207195296 Buenos Aires CLARIN in Spanish 29 Jun 96 p 18

[Editorial: "Our Country's Image Before Peru and Ecuador"]

[FBIS Translated Text] The presence of the Ecuadoran and Peruvian foreign ministers in Buenos Aires represented two disparate views. On the one hand, it represented a good indication that the dispute between the two nations is resuming the path of diplomatic negotiations within the framework of the Rio de Janeiro Treaty. On the other hand, however, it represented a bitter aftertaste for our country, affected by the arms sales scandal in the conflict zone.

The Ecuadoran foreign minister also confirmed that the Argentine arms that arrived in his country during the war with Peru in the early part of 1995 were in bad condition and truly represented a hazard. This situation aggravates the consequences of this trade operation and again places Argentine foreign policy in an awkward situation.

Peru filed frequent and valid claims, after the case was disclosed in March 1995. Eight thousand FAL rifles and 75 metric tons of ammunition from our country were purchased by an Ecuadoran company, which, in turn, sold them to the Ecuadoran Army.

This operation involves Military Industries military personnel, as confirmed by the Armed Forces Comptroller's Office, despite the fact that Argentina had imposed an arms ban regarding this conflict. Official explanations always persisted in precluding the involvement of high-ranking government officials. Hopes were placed on the resolution and appropriate sanctions through court proceedings.

If the Argentine Government is not responsible for these illegal arms sales — and this is something for the courts to resolve — there actually is an inevitable responsibility involving the care of the relationships between states, especially concerning countries with which Argentina has been historically identified and has common goals within the regional framework.

It is necessary to take into account that arms were sold to kindle a war between friendly countries that chose our country as a guarantor of peace and that government officials participated in that sales operation.

Therefore, it is necessary for our government to admit our country's responsibility in arms trafficking so as to safeguard our status as a guarantor of peace between Ecuador and Peru and remedy the serious damage that Argentina's foreign image has suffered as a consequence of this unfortunate incident.

Argentina: Antinarcotics Head Speaks at Campaign Launch

PY0207195596 Buenos Aires TELAM in Spanish 1626 GMT 1 Jul 96

[FBIS Translated Text] La Rioja, 1 Jul (TELAM) — Julio Cesar Araoz, secretary for the Prevention of Drug Addiction and for the Antinarcotics Struggle, emphasized today the government's and the people's decision of firmly coping with the scourge of drugs.

Araoz noted: "To those who argue that it is an uphill struggle and that drug traffickers have a lot of money we talk about the existence of an impregnable barrier against drug trafficking, as the people and the government do not harbor any doubts with regard to firmly coping with the scourge of drugs."

Araoz pointed out: "We tell the skeptical people that, if we were told that the end of the world would take place tomorrow, we would still sow a seed today to struggle against this scourge."

During a ceremony to launch the "Federal Program for the Integral Prevention of Drug Addiction and for the Control of Drug Trafficking," a ceremony presided

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over by President Carlos Menem, Araoz emphasized the significance of "the establishment of the Federal Council for the Antinarcotics Struggle [Consejo Federal de Lucha contra el Narcotrafico] that comprises all the provinces."

Araoz added: "We will continue to tour every province, implementing educational and preventive methods, as these mechanisms are more effective than repressive methods."

Araoz emphasized that the goals of this program involve social protection, the recovery and reintegration of drug addicts, and training controls "in this hand-to-hand combat against drug traffickers, who are criminals and deal with death."

In addition to President Menem and Araoz, Alberto Mazza, health and social action minister; Culture Secretary Mario O'Donnell; La Rioja Governor Angel Maza; and Provisional Senate President Eduardo Menem also participated in the ceremony.

Bolivia

Bolivia: News Summary for 28 Jun

96CA0225A (Internet) Bolivian Social Communications Ministry WWW in Spanish 28 Jun 96 Morning Edition

[From the Computer Services Network of the Bolivian Social Communications Ministry http://utama.bolnet.bo:80/mcs/matind.htm]

[FBIS Translated Excerpt] [passage omitted]

Front Page News Briefs

No Leader for the COB

The 11th Congress of the COB [Bolivian Labor Federation] held in Trinidad was supposed to elect the new top leader for the nation's unions. But that proved to be impossible. Neither Oscar Salas nor Edgar Ramirez was able to defeat the other candidate. Neither of the two could win without damaging the unity of the union movement. To avoid a split, it was decided that the nine members of the presidium of the Congress held in Trinidad would lead the COB on an interim basis. So a rupture was averted, but at the price of leaving the COB without a leader for 60 days. After that period, a new attempt will be made to elect the future Executive Secretary. What they did manage to approve by consensus was a political statement that calls for worker-campesino unity to fight neoliberalism. But it is clear that there is no unity. Nor is there a leader who can take charge of this fight against neoliberalism. [passage omitted]

Political News

Deputies Clash

A violent confrontation broke out yesterday between pro-government deputies and the opposition in the Chamber of Deputies when the MNR [Nationalist Revolutionary Movement] proposed a "time and topic-limited" session to deal with the "narcoplane" case.

During the roll call vote, Deputies Jorge Koheller of MIR [Movement of the Revolutionary Left] and Pedro Garcia of MNR started a verbal and physical fight because of strong expressions which were uttered against their party leaders. [passage omitted]

Departments Yield Slightly on Representation

The regions are beginning to yield somewhat in their positions on the application of Article 60 of the Constitution, but they are still insisting on a redistribution of the 130 deputies based on their own expectations and requirements.

Prefects, presidents of civic committees, regional brigades, and deputies met yesterday in the government headquarters, where they had been convened by Vice President Victor Hugo Cardenas. The meeting was held behind closed doors, and members of the press were barred from the session. [passage omitted]

FELCN Uninformed of U.S. Antidrug Plan

The national director of the FELCN [Special Antinarcotics Force] said that he was "uninformed" about the existence of the U.S. military plan named "Operation Laser Attack" to assist in the struggle against the illicit drug traffic in Bolivia.

This statement was made by the top leader of the police antinarcotics force, Colonel Tomas Azturizaga, who acknowledged that he had read with "surprise" reports of this operation published by foreign news agencies. [passage omitted]

Economic News

YPFB Privatization Delayed Until September

The government has decided to postpone once again the privatization of YPFB [Bolivian Government Oil Deposits] until 26 September, as a result of the amendments and appendices introduced in the final contract with the U.S. firm ENRON to build the gas pipeline to Brazil.

The national secretary for privatization, Edgar Saravia, said that this surprising decision was caused by the time that will be required to make available all of the

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supplemental information generated as a result of the latest negotiations with ENRON. This information must be sent to the 22 companies which were preselected last January as potential bidders, not only for the Transport Unit, but also for Exploration and Production Units A and B. [passage omitted]

General Information [passage omitted]

"Potential" Candidates for Supreme Court Emerge

Sucre. After the resignation of the president of the Supreme Court, Edgar Rosales Lijeron, two "potential" candidates have emerged for the presidency of this branch of the government. They are the present senior member Hugo Dellien Barba and the judge from Chuquisaca, Oscar Hassenteufel Salazar.

The Supreme Court judges, when queried by the media about the election of the new court president, said: "Nothing has been decided about the successor for Rosales" or "There is plenty of time to decide that." Others simply said: "No comment," or "Everyone is a candidate."

Brazil

Brazil: Evolving Ties Between U.S., Mercosur Viewed

PY0207234896 Buenos Aires GAZETA MERCANTIL LATINOAMERICANA in Spanish 29 Jun 96 p 12

[Article by Maria Helena Tachinardi from Brasilia: "Mercosur and the United States — A New Dialogue Between Them"]

[FBIS Translated Text] At the beginning of this month, Mercosur [Common Market of the South] and the United States embarked on a political dialogue — which was unthinkable until not long ago — at a table during lunch at a hotel in Panama City.

The details of that first political meeting are most significant. First and foremost, Argentina, which was presiding over the presidency of Mercosur, symbolically went Dutch with the United States on the luncheon check. The piece de resistance was the crisis in Paraguay, which at least had a positive outcome, concerning the political rapprochement between Mercosur and the U.S. Government. The third interesting data is that Deputy Secretary of State Strobe Talbott, who is also a journalist and a friend of President Bill Clinton's, gets along well with Ambassador Sebastiao do Rego Barros [Brazilian Foreign Ministry secretary general], who headed the Brazilian delegation at the OAS General Assembly in Panama. Talbott is an expert on Russian affairs, a speciality which brought him closer to Do Rego Barros, a former Brazilian ambassador to Russia.

Another detail: It was at the OAS General Assembly that, in one of the few rare occasions in history, the 33 countries of the Western hemisphere unanimously condemned the United States for enforcing the Helms-Burton law on the grounds that it is not only a sanction against Cuba but also constitutes a threat to foreign investments in that Caribbean island. Concurrently with their condemnation of the United States, Mercosur member countries accepted launching a political dialogue despite some differences over the degree of such rapport. Argentina and Brazil are the most enthused over the initiative whereas Paraguay and Uruguay are most suspicious of it. According to Do Rego Barros, in the context of hemispheric cooperation, Brazil has ably dealt with difficult issues like drug trafficking, money laundering and has expressed no reservations about these subjects, which are being discussed within the framework of the Summit of the Americas, and which must be included in the political dialogue.

The Brazilian position has evolved, as some time ago the Brazilian Government was reluctant to discuss those topics because it feared losing sovereignty. Brazil's present stance involves preventing borders from becoming an obstacle to governments when organized crime does not respect those borders. During the meeting with the United States, Do Rego Barros stated: "We have to cooperate on a regular basis to combat organized crime."

Talbott opened the meeting and extolled Mercosur's action during the crisis confronting Paraguay [in April], saying that "Mercosur's response was expeditious, resolute, and efficacious." The deputy secretary of state moreover said that this was an example for the region and the international community. Jeff Davidow, assistant secretary of state for inter-American affairs, underscored the importance of Brazil's national human rights program. He termed it a "monumental endeavor, which can be a blueprint for the entire region and even for the United States."

Another item broached by the United States pertains to the situation in Haiti. Washington believes that the situation has improved, but is still concerned about the fact that the UN peacekeeping forces will have to extend its stay on that island. In principle, each Mercosur member country unofficially endorses this idea. The Clinton administration would prefer to establish a political dialogue between NAFTA and Mercosur in the future even if Mexico objects to this.

Political dialogue between Mercosur and the United States will continue, but without the shackles of a written accord. This dialogue will flow freely. Besides the launching of a political dialogue with the United States and the signing of a free trade agreement with

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Chile, Mercosur has another good reason to believe that it is the hub of South America. Do Rego Barros is of the opinion that the accord with Chile will have a snowball effect, which will give Mercosur an even stronger bargaining counter in its talks with the United States with a view to establishing a Free Trade Area of the Americas (FTAA) and another one between the EU and Mercosur.

Brazil: Cardoso Interviewed on Real Plan Anniversary

PY0207122096 Rio de Janeiro Rede Globo Television in Portuguese 1030 GMT 1 Jul 96

[Interview with President Fernando Henrique Cardoso on the occasion of the second anniversary of the Real Plan, in Alvorada Palace in Brasilia, by reporters Carlos Monforte in Brasilia, Chico Pinheiro in Sao Paulo, and Renato Machado and Leilane Neubarth in Rio de Janeiro — live; from the "Good Morning Brazil" newscast]

[FBIS Translated Text] [Monforte] Bringing inflation under control has been the greatest accomplishment of the Real Plan. It now seems that the problem of economic growth is challenging the Real Plan. How can the country grow without the inflation returning? That is, how can we make the move from a stabilization plan to a development plan?

[Cardoso] First, this plan has surprised everyone, including myself. Why? As reporter Ana Paula Padrao has just said, [words indistinct] fast. However, when we launched the Real Plan, what did critics say? They predicted a recession given the fact that there were not many examples in history of an economic plan that restrained inflation — which at the time stood at 5,000 percent — without causing a deep crisis in the economy. This did not happen.

The economy grew. It grew by 4.7 or 4.2 percent. By the end of this year, we will reach an average economic growth rate of 4 percent. That is, the economy grew, and therefore we do have development. It is hard for Brazilians to believe in plans because we have lived through so many years of disappointment. When I was a candidate to the presidency, critics said that the plan would only last until the elections. Now people see that it was not so. They see that the plan is here to stay.

The economy is growing. Our figures have reflected this since the beginning. Foreign investments in Brazil this year reached 9 billion [unit of currency not specified] — which I consider a lot. This never happened before in history. What is investment? It is economic growth. Therefore, the plan is working, not only as a stabilizer of the economy but as a promoter of a better Brazil. It has distributed income, our economic development is changing, we are now producing to export with a greater productivity level.

Problems? Yes, there are still problems. The main problem is unemployment. To tell the truth, distribution of income is taking place. I myself was surprised as I read the newspapers yesterday. There has been a lot of distribution of income. Critics used to say that the Real Plan was meant to benefit the rich. It is not — it is meant for the poor.

[Machado] Mr. President, isn't an internal adjustment also necessary now? That is what everybody claims.

[Cardoso] Adjustments are taking place. You must verify what is going on. What does the plan need to maintain economic growth and everything else? [words indistinct] and stabilization. We need greater fiscal balance. This means that the taxes we collect should be sufficient to pay for all the government expenses. That did not happen last year. Why not? Because the interest rates increased a lot. Therefore, the government had to pay a lot in interest. Interest rates, however, have now dropped. They stood at 4.25 percent in March 1995, and now they are at 1.95 this year, at least for government securities.

[Machado] They dropped more for the government than for private initiative.

[Cardoso] That is what I can do relative to government securities. The rest as regards interest rates involves the banks, not me. Now, part of them deal with me, too, because we control the legal bank reserves by which we hold money from the banks to restrict the expansion of the monetary base. However, we have reduced the legal bank reserves, and therefore the interest rates will also drop for the final consumers.

Despite these difficult conditions, the BNDES [National Bank for Social and Economic Development] implemented special lines of credit for the textile, shoe, and other industries and exports. Everything is being implemented normally.

There is, however, another problem. It is not only the interest rates that affect the government. There are other important things. The debts of the states and municipalities. Last year, the expenses of the states and municipalities greatly surpassed their income. This year, they are better organized, especially the states. The governors are working hard; they are managing to spend less. There is another aspect of the federal administration we cannot do anything about: Salaries and pensions.

Our expenses for personnel jumped from 15 billion in 1987 to 40 billion in 1995. The public payroll

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increases automatically. Even if we do not grant any wage increase, the payroll increases because there are privileges, five-year tenure bonuses [quinquenios], some cumulative bonuses, and employees who improperly earn bonuses. We are reducing this, but we need a constitutional reform for this. It has already been said: I do what I can; I struggle with Congress as much as I can every day. Now, it must be clearly established here that a minority in Congress is blocking the initiatives of the majority through internal constitutional amendment rules.

[Monforte] Mr. President, in a short time we will be speaking about Congress. Now Renato Machado has a question for you.

[Machado] Mr. President, you spoke about the interest rate drop. Yet there are still many complaints — especially from minor and major entrepreneurs — about the large number of bankruptcies, which is larger than in previous years. What is, in your opinion, the reason for such bankruptcies?

[Cardoso] The same factor is responsible for the bankruptcies. The economy is being reorganized. Interest rates were very high. We are, however, correcting this situation. Not only do we have lines of credit for small and mid-sized enterprises, but the number of bankruptcies has decreased.

Look, never in Brazilian history was there an adjustment at such a low cost. Was there actually a cost to be paid? Is it wrong? Yes, it is. Is it necessary to extend more aid? Yes, it is. Yet focusing on criticism leads nowhere.

We are doing what we can, and even with the unemployment rate — an issue we are most concerned about — the unemployment rate stood at 5 percent in 1995, the lowest in our history. This year, the unemployent rate is close to 6 or 6.2 percent.

The same thing happens in the United States. In Argentina, the unemployment rate is 17 percent, in Spain it is even higher, while in France it is similar. Our unemployment rate is not as high, except for some areas. Where? In Greater Sao Paulo and in the Sao Paulo industrial belt, because in this zone the industrial sector is being restructured. The shoe industry is having serious problems, and so are banks. A restructuring process is under way.

They are serious, specific problems, but they do not affect the economy as whole to the extent of jeopardizing the Real Plan. Now that economic growth has been reactivated since April, there will be more jobs on the market.

I should say that the number of jobs has increased. Why has the unemployment rate increased? Because the number of persons who join the labor force grows faster than the number of new jobs. The economy is not stagnant. Our problem is that our population growth rate is still high. Consequently, there are many factors.

Nor am I trying to find an excuse or say that the government is not responsible for it, or that it does not have to strive. Above all, we must promote solidarity with the unemployed. We do have this problem.

This year, we will spend 3 to 4 billion reals [R] for retraining manpower through the labor service, throught agreements with the states. We are trying hard, but I reiterate that no other plan — none that I know — has controlled inflation in such a short time while the economy continued to work. Now the economy will be allowed to work faster.

[Monforte] Chico Pinheiro, from Sao Paulo, has a question for you.

[Pinheiro] Mr. President, misery is our country's great challenge. There is much poverty and misery in Brazil. What are the strongest obstacles that you have found against implementation of the plan in that area?

[Cardoso] Well, misery in Brazil is a century-old problem. I have always said that I carefully studied slavery in Brazil. Misery did not begin with slavery. It was, however, aggravated by the abolition of slavery, because (?those people were set free without being given jobs).

Well, this is, then, an indication of misery. Where is misery? In pockets of misery, especially in the interior, in the interior of the northeastern region, above all, among single woman and among Negroes. This is where misery is concentrated. There are also pockets of misery in the outskirts of large cities, like Sao Paulo and Rio de Janeiro.

The number of pockets of misery, however, is decreasing. The last IPEA [Applied Economic Research Institute] study that I read showed that with the Real Plan, some 5 million people overcame poverty in five or six large Brazilian cities.

The income distribution data that have just been shown reflect the largest income distribution in the history of Brazil. It is obvious that one cannot resolve a problem that has existed for centuries in one or two years. A process is needed.

To this end, the economy must grow and the income should be distributed. This is what we are doing. This was not done in the past, when the cake was first

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enlarged and then the income was distributed. We are not doing this. While the economy is growing, we are distributing the income.

It is true that the cost of services grew faster and affected the middle class, but who are the ones providing services? Barbers, domestic servants, and many people who have improved their standard of living as a result of this process, which is somewhat detrimental to the middle class, but which benefits the poor.

For the first time, banks have reduced their share of the national income from 13 to 8 percent. For the first time you have seen banks in difficulties. Brazil used to be like a casino: Everyone, not only banks, speculated here. This is coming to an end.

Hence, we are waging a relentless struggle to eradicate poverty. Additionally, we attach priority significance to education in order to promote employment in the future.

[Monforte] Mr. President, you said you are determined to promote growth in Brazil. The most natural way of achieving this appears to be through exports. How could one increase exports, bring more currency into the country, and take Brazilian products abroad without reducing the tax burden on exports? We are now exporting taxes, and when the CPMF [Temporary Tax on Financial Operations] is approved, we are going to be exporting even more taxes. How can we deal with this problem?

[Cardoso] When I was a senator, I sponsored a bill regulating the ICM [Goods Movement Tax] on semimanufactured export products to discontinue the collection of certain taxes. State administrations then took the matter to court and paralyzed everything. More than a year ago, I submitted a similar proposal to Congress to deal with this issue. Planning Minister Antonio Kandir, however, has other ideas to seek to reduce the tax burden on exports. Because this is a democratic government, the president may not just decree something for it to be implemented. Negotiations must be conducted with Congress. There are interests at play in Congress, those of state and municipal administrations, as well as those of exporters and importers. This is a continuing struggle. Yet, what you said is essential. We must reduce the tax burden affecting exports.

We are going to insist even during the July session on reducing the tax burden on exports. Now, let me give a figure that left me quite happy. It was actually given by economist Joelmir Beting in an article published yesterday. He said that from 1984 to 1990 exports grew less than in the past two years. At that time, there was nothing like a maxidevaluation and there were all kinds of protectionist measures; one could not import anything. During the past two years of the Real Plan, we have increased exports.

Many people claimed that the real was overvalued in relation to the dollar. We have another figure: There was a 7-percent growth in May. How could we have our currency overvalued and be able to increase exports at the same time?

[Pinheiro] Administration officials used to say that without the structural reforms, the plan would be running some risks. There are problems with regard to securing congressional approval of the social security reform and the administrative reform. Now, we are seeing that the administration is shifting its pitch toward the growth approach. What is happening with the reforms? Will the plan be able to survive without the reforms?

[Cardoso] What is happening is this: Regarding the social security reform, for instance, we have already taken care of everything that could have affected my administration. The social security reform is important because it will have an impact on the future of Brazil. Hence, it must be implemented; otherwise, it will impair our growth in the future. The administrative reform already affects primarily the states.

Now, in addition to the constitutional reforms, we are taking austerity measures to streamline the federal administration's salary expenses. These expenses are already declining, without the administrative reform. Yet, we must have an administrative reform. Congress must become aware of this. A minority group in Congress is opposing the reforms because of political reasons. For instance, they voted against a constitutional reform that grants wage increases to elementary school teachers in poor areas of Brazil. Who voted against this bill? Opposition parties. Does this make sense? On the other hand, they voted in favor of maintaining privileges, for instance, that university professors can be eligible for retirement in their early 40's. Does this make sense?

Hence, we must continue to fight in Congress. Some have depicted the reforms as if they were intended to hurt the people, when in fact they are designed to eliminate privileges and to guarantee stable public accounts in the long term. I will continue to fight for this.

[Machado] Mr. President, you talked about public accounts and the fiscal reform, and you mentioned the domestic debt fiscal imbalance that apparently amounts to R120 billion, which the government must deal with. In sum, the administration must pay interest on this

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debt, which is extremely expensive. How could these expenses be brought under control?

[Cardoso] Well, in the first place, I want to clarify the debt situation. The debt has grown; it is a big debt. It accounts, however, for only 32 percent of the GDP, which is much less than that of many European countries, not to mention that of the United States. Then, we are creating a ghost here, as if a debt of that size would make it impossible for Brazil to continue to move ahead. I am not saying that I regard this debt as something good: All I am saying is that it can be administered.

Second, how has that debt increased? Part of it stemmed from the fact that we have increased our reserves. When our reserves increase, there is a larger inflow of dollars that are converted into real notes. To reduce the amount of reals in circulation, we issue bonds to take those reals out of circulation. This is one cause of the debt increase. Additionally, the debt increases as a result of the imbalances in public accounts, when the administration has a deficit. We should also mention the financial system issue. We can bring the debt under control by balancing the level of our reserves, by streamlining expenses — especially in the states — to prevent the debt from increasing, and by bringing order into the financial system, which is rotten.... [corrects himself] which was rotten. It was a difficult task. We had to invest nearly R7 billion in the Bank of Brazil alone to make it function correctly. Why did I do that? Because we inherited problems entailing payment defaults and excess bank personnel. We are taking corrective measures.

It is strange, but all that I am doing is addressing problems in Brazil. Perhaps I am even overdoing it by trying to solve problems created by other people. I am now being criticized for what others have done. I am taking corrective actions. Not me — it is Brazil, the Brazilian people, everyone who is doing his job and contributing to these corrective actions; that is, governors, the Congress, the administration. We are all putting Brazil in line; we are bringing order into Brazil.

[Monforte] You have often criticized the Congress for its delay in approving the reforms. What is worse — the opposition, or allies who are advocates of opportunism?

[Cardoso] They are both equally bad. I believe the opposition is just that. It is blindfolded; it does not take the national interests into account. It votes against my proposals to hurt me because I defeated....

[Monforte, interrupting] The exchange of favors is also....

[Cardoso, interrupting] I find the exchange of favors to be even worse because one expects negative actions from the opposition. I have not exchanged favors. Certain sectors exert pressure when the time comes for them to cast their votes. They unnecessarily exerted pressure on certain issues, because their demands were legitimate. All they needed to do was just clearly raise the issue. Yet, there are some people who have developed bad habits. There are some who have long been accustomed to a culture of opportunism and favors.

We are changing. Look, for instance, at what is happening in education and health. I do not know if I will have time to discuss these topics. We are transferring funds to state and municipal administrations without political intermediaries. We are doing that in the areas of housing, health, and education. We no longer have those little offices pretending to be projects, but which were ultimately little corruption schemes only designed to obtain the disbursement of funds by the Education Ministry. That is over. We are thus eliminating all those negative practices in Brazil. I believe this is as important for our future as bringing inflation under control.

[Monforte] But you create a problem, then, because, when a politician is deprived of instruments to implement action, he will withdraw his support for your administration.

[Cardoso] Exactly. They end up by saying, what am I doing here? They have to take care of politics, not of themselves, or of minor interests. Now, I cannot complain because Congress has approved most of the reforms. Congress has approved many reforms. Progress has been made in the economic area, as well as in the administrative and social security fields. Sometimes we regard a small group as if it represented the whole of Congress. These groups causing more trouble and demanding favors are usually the ones that attract more attention and they are often regarded as being representative of Congress. No, I would not be unfair to Congress. The Congress in general has given us.... [changes thought] Whenever we lose, we have about 300 votes versus 100, 120, or 150 votes. The problem is that I do not have the required majority. It is easy to have a simple majority. I must have a three-fifths majority to amend the Constitution. Hence, we are accomplishing a political feat here.

[Machado] Mr President, you have complained that there are obstacles in Congress with the opposition, the bargaining of influence, and opportunism. The government now seems to be setting aside the campaign for the reforms, in order to start another strategy. Why haven't you more frequently appeared on television and

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in the media to report on government plans, to try to sell them to the public?

[Cardoso] Let me first set the record straight. I am not giving up the reforms. We will continue to insist on the reforms, while we also adopt other measures — not yet at a constitutional level — in the administrative area.

A president is always in a very sensitive position. When I was finance minister and foreign minister I used to speak a lot. Every day I appeared on the television, on the radio, to explain what was happening with the Real Plan.

Now, a president is in a more difficult situation, because he is not directly responsible for every measure. He must also let the ministers speak.

Second, I cannot make abusive use of a network. I don't like to appear on the official network, and I do it only as a last resort. Yet now I have decided to do the following: I will speak. Now that the Real is two years old, I will speak my own way, directly, not on the official network, answering whatever questions you want to ask of me, like I did the other day on the PSDB [Brazilian Social Democracy Party] program, in which people were posing their own questions.

I have nothing to conceal. If I made a mistake, it is good to make it known, and it is good for me to know about it. I believe debate is good. From now on, I will chat now and then with you and with whoever wants to have a discussion, because I will not compel anyone to interview me. I believe it is useful to show how I feel about our country. And I will continue like this.

[Monforte] You will also do it in order to reverse the government's dropping popularity. You will try to reverse it, right?

[Cardoso] I am not very concerned about popularity ratings, because I believe that the important thing for whoever is in the government is to do what is good for the country.

On some occasions, you do have to face popularity ratings, because you cannot let banks go bankrupt. The other day I listened to a very interesting remark by Galbraith. He said that it is very bad to help banks, but it is even worse to let them go bankrupt.

Now I cannot.... [changes thought] and it is always unpleasant to create a mechanism to support the financial system, because people believe that funds are given to bankers. This is not so. The objective is to prevent deposit owners from losing their money.

People believe it is money that could be given to the education and health sectors, but it is not. It is money from the financial system itself. Yet I have to face it. You cannot just say that this measure would not be popular. That would be populism, and I will not do that.

I am not concerned about popularity, if nothing else because I have seen that people are discriminating. They criticize the government but they spare the president, because they see that he is striving.

I am not a candidate. I am not concerned about such things. The important thing is to do what is necessary. As I always say, politics is not the art of what is possible, but the art of turning something that is necessary into something that is possible. And sometimes it is necessary [words indistinct].

[Monforte] You are not a candidate now, but there is a reelection bill in Congress.

[Cardoso] It is not my bill but a congressional bill. We still do not know what will happen. Look, the Presidency is a very hard job. I do not know whether I am strongly motivated for reelection. I just let other people speak.

There are people who claim that I only think about reelection, and I find it funny, because they claim to know what I am thinking. I usually read remarks like "FHC [Fernando Henrique Cardoso] thought," "he will do it," "he will do this or that." Yet will he actually do it?

[Monforte] You have also learned to coexist with the "FHC" acronym, right?

[Cardoso] In the past — can you remember it? — the Real Plan was not "the national plan" but "the FHC plan," like the name of a medicine, like DDT. Now it is more or less normal, isn't it? [laughs]

[Neubarth] Mr President, you said you would talk normally with us. There is something I would like to know. You defeated the famous dragon of inflation, the historical inflation rate. As was pointed out during this interview, you are facing trouble in your relations with Congress, with the opposition, with negotiations and bargaining. Is it more difficult to deal with people than with figures or with an inflation rate like ours?

[Cardoso] The problem is that inflation is the result of what people do. It is undoubtedly very difficult to deal with people. Yet for what purpose am I a politician, a sociologist? To deal with people. Consequently, I believe I will face....

[Neubarth, interrupting] Is it possible to eliminate....

[Cardoso, interrupting] No, I will not eliminate (?contenders).

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[Neubarth, continuing] ...the dragon of the old political mentality?

[Cardoso] As for old mentality, I do not know whether I will eliminate it, but we are helping to change it.

Do you remember the cartoonist Chico? I think there is something I should correct. I believe Chico is fantastic. When I had just taken over as finance minister, he published a cartoon in which the dragon of inflation seemed to be about to defeat me, and I then killed it. I did not actually kill anything. It was the people who killed it. Explanations were given to people, and people realized that inflation was not good and bet on the Real.

Things always work like that. It is not the president who does the work. Therefore, he is not to blame for everything. All of us are doing things. Consequently, we will continue dealing with people, and everything will turn out right.

[Monforte] Mr President, one more question. What is the limit to privatization? Is it the Vale do Rio Doce Company or Petrobras [Brazilian Petroleum Corporation]?

[Cardoso] No, no. In the case of Petrobras, as I have always said, the law authorizes the easing of the petroleum monopoly, not its privatization. My government is not planning to do such a thing.

Now, privatization is making substantial progress. No one imagined that the Federal Railway Network would be operated by the private sector. By the end of the year, only one federal railway stretch will be left. Everything will be privatized.

There is a list of ports that are being privatized. There is also a list of hydroelectric power plants. We signed more than 50 concession contracts for electric power generation. The Dutra highway is being exploited by a private company, as well as the Rio de Janeiro-Juiz de Fora highway. In all, we are making progress. However, it is a sensitive area because they are public services concessions.

It is one thing to privatize a steel mill that should always have been a private company, but it is something else to create rules to allow the government to control and to make appropriate decisions in defense of the contributors as well as to create rules for the public service. You will see how from now on things will work much faster in this field because we are already defining the rules.

When the cellular telephone services begin to be exploited — a subject I hope the Senate will vote on in July — an enormous amount of resources will come to Brazil. This year we are expecting R9 billion in investments; let us see what the figure will be next year. Brazilian economic growth is taking off. This makes me very happy. People do not see this; they are arguing about the difficulties that exist here and there.

I was recalling the times when Juscelino Kubitsheck was president and I lived in Sao Paulo. It was believed then that the whole city was rotten, that Brasilia was for throwing money away, that it made no sense to manufacture cars in Brazil if they could be imported, that it was terrible, that the president was traveling a lot, that he flew every other day.

Don't critics say that I travel too much? I travel to seek money for Brazil. I am traveling to make our country respected abroad. I am also traveling within Brazil because I think the president should be present in many places and situations. I am changing things, and more things will be changed.

[Monforte] Well, I see that neither you nor the administration has a Pollyana complex, thinking that everything is perfect and marvelous.

[Cardoso] No.

[Monforte] However, you said that the education program is proceeding reasonably, that money is being transferred to the teachers, and that a plan has just been launched for the farming sector. However, there are problems with employment and health, which are part of your five-finger program.

[Cardoso] Those are the most serious.

[Monforte] Don't you think that the health related problems are the consequence of a problem with management rather than resources?

[Cardoso] Both. It is not totally a management problem, but the health model is the problem. The Brazilian health system provides free, universal health services for everyone and it is the responsibility of the government. No matter whether you are rich or poor, the people have a right to health. No matter what health problem you may have, individuals have a right to health services.

Look, the United States has problems with its health system, and so does Canada; therefore, our problem is bigger. Right? Therefore, our health model is hard to comply with. We have to attend to the majority of the people, most of whom are poor.

We disburse R680 million per month for the health system alone. Just to give you an idea, that is 60 percent of all the money the government has, and it is not enough. We are trying to raise more funds for health.

We are doing what we can in the health system, and we will do more. For example, we have the

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health community agents. Nowadays we have 40,000 health community agents. In the past, they served approximately 200 municipalities; nowadays, they are in 1,000 municipalities attended to by the Community in Solidarity program.

According to the Catholic Church's Movement for Children, this made the infant mortality rate drop by more than 25 percent in those areas. Therefore, the healing concept of health — which should be changed somewhat — should be changed to preventive. In the case of health, I accept being reprimanded. We need to concentrate more on health.

[Neubarth] The whole country is following and talking about the crime that took place in Alagoas. I would like to know your opinion. What is your guess about what happened with P.C. Farias?

[Cardoso] Look, I do not want to guess because I do not know. I asked the Justice Ministry to follow up on the investigation. A senator has even said that I should go to Alagoas in person to follow up on the investigation. So you can see to what point the craziness of this case has reached. I do not want to make a guess.

I just want to say something. This case represents in microcosm the risks Brazil underwent. Many of those who were involved in those matters commanded the country not long ago. It was complicated, but none of us knew. It was a very difficult system to maintain.

I regret this because a crime is crime and death is always something unpleasant because there is a family affected. However, it has to be investigated because there is always the risk that it could have been a scheme and not merely a crime of passion. A crime of passion is terrible; it is an individual matter. Now, if it was part of a plan, it is more serious. Therefore, I do not want to give an opinion for I do not know what happened and it is not my job to find out, but I think we have to go deep into the investigation because it has implications going beyond a matter or crime of passion.

[Pinheiro] Mr. President, the death of P.C. Farias has relived the ghosts of the corrupt who were not punished because the CPI [Congressional Investigating Committee] on the PC-Collor case did not touch them. This is part of Brazilian history. You know very well — better than I — of the promiscuous relations between members of the elite and the administration. Don't you think that Brazil should recover the value of punishing the corrupt so that they will not act in the future.?

[Cardoso] Yes. But I want to add something. Look, the police already arrested Darly Alves [da Silva, who murdered union leader Chico Mendes]. This is a good signal. We have a banker in Minas Gerais who is in prison, and doctors in jail. This is new for Brazil. This is how things start.

I do not think that (?everyone must be arrested just like that). God help me! Arrests have to be carried out by the police by order of a judge. This must be clear. In the case of Darly, who was in prison and then escaped, what should be done?

I think that we must deal with the problem of impunity very strictly. Not by revenge; it is not a matter of apprehending the guy and whipping him. No, people must not take justice into their own hands because it is wrong to do that. However, we need better laws, judges who act faster, judges who issue arrest warrants, and police who carry out the arrests. As long as Brazil does not have this, the people will have the feeling that everything is crooked and that government officials are in their positions to steal.

[Machado] Mr. President, to conclude, I would like you to explain the main point you will now attack to guarantee the third year of the Real.

[Cardoso] I do not need to tell you that it is necessary to continue with the reforms. However, regarding the balance of the fiscal accounts, the main thing now is to guarantee sustained economic growth. This means that the country must believe that it will succeed because the people see that our course is right and that we do have a course.

When I speak of economic growth I do not mean only capital growth. No, I am speaking of the effective improvement of the people's standard of living. I am anxious to see the results of a study being carried out by the IBGE [Brazilian Geography and Statistics Institute] after the Real because all the information we have on the improvement of the standard of living is from before the implementation of the Real. I think that the situation has improved further. However, to really improve, we need sustained economic growth while simultaneously attending to the people's needs. That is what we are going to do.

[Machado] Thank you very much for your interview with "Good Morning Brazil."

Brazil: Cardoso's 'Excuse' To Skip Angola Visit Viewed

PY0207232596 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 27 Jun 96 p A4

[From the "Highlight" Column by Antonio Carlos Pereira: "Diplomatic Excuse"]

[FBIS Translated Excerpt] President Fernando Henrique Cardoso has argued domestic problems that reportedly

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tie him to Brazil to postpone the visit he was to make to Angola between 14 and 16 July on his way to Lisbon, where he must be on 17 July. This is a typical diplomatic excuse. There is nothing scheduled for those three days that would demand the presence of the president. It is so much so that on 17 July he will be in Lisbon to sign the agreement that will create the Community of Portuguese-Speaking Countries (CPLP).

The president is not going to Angola, and he has made the right decision. His presence there, at this particular moment, could be interpreted as an endorsement to current development of the Angolan crisis, which would be cumbersome for Brazil. This type of concern is not a privilege for Brasilia. President Nelson Mandela has canceled his visit to Luanda scheduled for 11 July under the same pretext: Domestic problems have prevented him from leaving South Africa.

In the case of South Africa the precautions are justified by the need to enable people to forget about interventions in the Angolan civil war during the regime of apartheid, and also because Mandela needs to build in the region a climate of political trust that might lead to better trade relations with South Africa.

Brazilian interests are a bit different. Unlike South Africa, the Brazilian administration has supported the MPLA [Popular Movement for the Liberation of Angola] since its independence. A few months ago when it was decided to create the CPLP, Brazil gave up the first Secretariat General of the organization to politely yield its turn to Angola. This politeness perhaps could have been exaggerated. Brasilia has given the prestige to organize the long- desired community to a country torn by civil war and to a government which does not fully control its territory. This gesture, in addition to a two-day visit to Luanda, at the end of which the Angolan president would take his Brazilian counterpart's plane to Lisbon, would fatally be interpreted as unconditional support to the regime of Jose Eduardo dos Santos.

Itamaraty's legal tradition leads Brazil to recognize and support the MPLA administration, but as it seems to be taking place gradually, this does not need to be done in a passionate manner or with absolute abandonment. There is room for respect for principles and for some sound pressure on the government of a friendly country. [passage omitted]

Ever since Brazil has sent to Angola a contingent to join the UN Peacekeeping Force, that country has been leading our foreign interests. Since its independence Brasilia has supported the MPLA administration, the obvious objective of which has always been to take firm hold of power, following the example of obsolete ideological models. The time has come to reduce the enthusiasm with the Angolan socialist experience and to analyze alternatives. If the president must go to Angola, it should be to visit the Brazilian troops stationed there.

Brazil: Special Congressional Sessions Begin

PY0207125696 Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 2 Jul 96

[FBIS Translated Text] Senate President Jose Sarney last night installed the special Congress session requested by President Fernando Henrique Cardoso. Only 35 of the 513 deputies attended the opening session, and only 25 of the 81 senators attended.

The government priorities for discussion and approval during this special Congress session include social security, administrative, and tax reforms. The governments hopes the CPMF [Provisional Contribution on Financial Operations] which is under discussion in the lower house, will be approved this week.

Brazil: Roundup of Economic Reports Through 2 Jul

PY0307023996

[FBIS Report] The following is a compilation of reports on economic activities in Brazil monitored through 2 July.

BASIC LEADING INDICATORS

Expanded Consumer Price Index — According to the Brazilian Institute of Geography and Statistics, the variation of the Expanded Consumer Price Index-Special, IPCA-E, stood at 3.16 percent during the second quarter of 1996. The IPCA-E is used to calculate the Reference Fiscal Unit, Ufir. The IPCA-E, which measures price variations affecting the average consumption of families whose income range from one to 40 minimum wages, has already increased by 6.76 percent thus far this year. During the second quarter, the highest inflation rate was reported in Fortaleza, with 3.83 percent; and the lowest one in Belem, with 0.45 percent. The sharpest increase during the second quarter occurred in housing costs, with 5.95 percent; and in transport and communications expenses, with 5.17 percent. (Sao Paulo AGENCIA ESTADO in Portuguese 2132 GMT 28 Jun 96)

FINANCIAL OPERATIONS

Payment to Paris Club Members — Brazil today paid $1.04 billion to member countries of the Paris Club. Of this amount, $381 million went to Japan, $192 million each to Germany and France, $78.1 million to Italy, and $73.1 million to the United States; and $1.18 million in interest to Austria, the United Kingdom, and Japan. Brazil also redeemed $354 million in IDU — Interest

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Due Unpaid — bonds. (Sao Paulo AGENCIA ESTADO in Portuguese 2058 GMT 1 Jul 96)

Farming Financing Program Launched — The government today announced the summer harvest program, which includes benefits for farming families. The goal is an 80-million tonne production of grain through a 5 billion real farming credit program. The government has likewise established lower interest of up to 2 percent per month. A 1 billion real credit line with low interest rates will also be available for farmers who work on their land with the help of wife and children. This latter credit line will be called Pronaf, National Program of Family Agriculture. Farmers who plant rice, beans, corn, cotton, and soy bean in the areas determined by the government and who use the appropriate techniques, will benefit the most since they will pay even lower interest rates. This agricultural zoning program will be implemented in the center and south regions. The program announced today guarantees the availability of funds as of July. (Rio de Janeiro Rede Globo Television in Portuguese 1615 GMT 28 Jun 96)

FISCAL, MONETARY ISSUES

Public Deficit Provokes Concern — A survey conducted by the Sao Paulo State Federation of Industries, FIESP, among 1,158 Sao Paulo entrepreneurs, reveals that 71 percent of those polled believes a tax reform to be essential for the future of the Real Plan. The survey also shows that 68 percent is concerned about the size of the public deficit, and only 35 percent considered a decline in interest rates to be essential. Although 37 percent of those polled expressed optimism about the future of the Real Plan, 37 percent was undecided, 17 percent was pessimistic, and 9 percent said they had adjusted to the plan. The reasons for 17 percent of FIESP entrepreneurs to be pessimistic are simple: 42 percent of Sao Paulo companies suffered a drop in their sales volume, 62 percent reduced their work force, 44 percent cut down investments, and 80 percent of them had lower profit margins compared to those they had during the first year of the Real Plan. During the third year of the Real Plan, 70 percent of those polled said they are going to make further cuts in their costs, which means they will dismiss more personnel; and 60 percent of them believe there will more serious social problems ahead. Although 78 percent said economic globalization is positive and 86 percent of them claimed to have had access to new technology, 45 percent of them believe that the economic opening has been damaging to them. According to the survey, 92 percent described as inadequate the performance of senators and deputies and 56 percent of them believe that political problems are going to get worse. (Rio de Janeiro O GLOBO in Portuguese 29 Jun 96 p 26)

Chile

Chile: Defense Minister on Need To Revamp Coalition

PY0207142696 Santiago EL MERCURIO in Spanish 22 Jun 96 p C2

[FBIS Translated Excerpt] Defense Minister Edmundo Perez Yoma has reasserted his concept of seriously and exhaustively discussing a revamping of the CPPD [Coalition of Parties For Democracy]. He said this will enable a frank and realistic reflection for its electors, and enable it to project itself as a solid government alternative.

Perez Yoma referred to what has been labeled his "political theory" within the framework of a lecture he delivered yesterday at the Matte Palace in Santiago entitled "The Future of the CPPD," organized by the University of Chile Political Science Institute.

Last May, Perez Yoma stressed the need for the CPPD to undertake a philosophical discussion to draft a new organizational structure encompassing all the "modernizing trends" in all CPPD member parties in order to avoid the growth of divisions.

Although he did not propose a specific formula to enhance the coalition of parties, Perez Yoma said: "Our efforts must center on achieving a solid and institutional organization to represent the diverse political groups encompassed in the CPPD." [passage omitted]

During his lecture, Perez Yoma briefly justified his proposal on the need to readjust the CPPD structure to reflect the thinking of its electors. He said: "Opinion polls show there is a large group that does not identify with any of the CPPD member parties, only with the idea of having a coalition of parties."

Perez Yoma stated that Chilean society trusts the CPPD because it is seen as a group of parties with a common goal, as a coherent and united group of individuals. He said: "The CPPD has generated a concept that is beyond the identity of each individual party. This is the trait that is supported by electors."

Perez Yoma said it would be "irrational and irresponsible" to give up this support "which belongs to all CPPD parties and is beyond individual parties." He said the coalition enjoys great support because of the diversity of ideals upheld by its members.

He said: "Nonetheless, the different party identities should not be an obstacle for achieving formulas or

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mechanisms that will allow us to continue to implement a better and more effective historic program of stability, governability and development for Chile."

Chile: Central Bank President's Resignation Detailed

PY0207164596 Santiago EL MERCURIO in Spanish 29 Jun 96 pp A1, A31

[FBIS Translated Excerpt] Roberto Zahler submitted his resignation as adviser and Central Bank president in a brief communique that was disclosed yesterday at 1600. He states that his decision follows the impossibility "to continue to manage the Central Bank in accordance with the basic principles for exercising the presidency of the Central Bank."

Zahler has been an adviser of the Central Bank since December 1989, and its president since December 1991. He sent a letter to President Eduardo Frei on 26 June explaining his decision and his reasons.

The Zahler's eight-line communique was answered by the Central Bank Council members in a 13-line communique that was disclosed yesterday afternoon while the council was holding a special meeting.

Council members Jorge Marshall, [who as vice president is acting president], Alfonso Serrano, Pablo Pinera, and Maria Elena Ovalle regretted his resignation but "respected his personal decision."

The communique adds: "The Constitutional Organizational Law states that Central Bank policies are decided by the council which comprises five members."

The Council guaranteed that "it will continue to watch over the Central Bank's autonomy and to uphold the stability of the exchange and monetary policies in strict compliance with its Constitutional Organizational Law." The Council reaffirmed its commitment with the macroeconomic goals established for this year.

As Pinera was leaving, he was asked if Zahler resigned over disagreements with Finance Minister Eduardo Aninat. He replied: "I don't think so."

Although nothing was said publicly about the reasons behind Zahler's resignation, sources close to him said he resigned over disagreements with the Council members, with whom he normally acted in consensus. The disagreements with the Council reportedly worsened over the way the debts of some banks were being handled, especially the debts of the Bank of Chile and the Bank of Santiago.

Zahler's resignation came as a great surprise to the market and to personalities of the political and business circles.

Finance Minister Eduardo Aninat said Zahler's resignation is "regrettable" but not "serious."

Aninat pointed out that Zahler's resignation was not the result of any conflict with the Finance Ministry on macroeconomic matters.

Aninat added: "You saw this week the affinity we had on matters related to growth and inflation. I believe there will be good news on these issues." [passage omitted]

Chile: Insulza Urges Officials Not To Politicize Accords

PY0207202996 Santiago EL MERCURIO in Spanish 27 Jun 96 p C1

[FBIS Translated Excerpt] The executive branch will submit the accords Chile signed with the EU and the Common Market of the South (Mercosur) to Congress for discussion and ratification at the beginning of the coming week.

This was made public by Foreign Minister Jose Miguel Insulza on 26 June. The head of Chilean diplomacy said that the incumbent administration deems that Congress will have enough time to study the accords, particularly the economic complementation agreement signed with Mercosur on 25 June, which will come into force the forthcoming 1 October.

Insulza also challenged remarks by opposition congressmen saying that he expected that the interests of the state will be uppermost in lawmakers' minds when they discuss the accord with Mercosur rather than trying to capitalize on this issue for political purposes.

The foreign minister forcefully stated that the Frei administration is not obliged to submit a document or bill propounding special measures for the agricultural sector, as congressmen from the southern regions are demanding given the fact that some products, especially traditional crops in these regions, will be adversely affected by the trade liberalization agreed upon with Mercosur. [passage omitted]

Insulza called upon congressmen not to politicize Congress' ratification of the accord with the common market comprising Argentina, Brazil, Paraguay, and Uruguay.

The foreign minister declared: "We do not want to politicize the treaty and turn it into a subject pitting the ruling coalition against the opposition. I do hope this will not occur. This is a matter of national interest and I suppose all Chileans must have looked with pride at the signing of the accord with Mercosur on 25 June regardless of whether they belong to the ruling coalition or the opposition."

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During the summit meeting held in Florence on 21 June, Chile signed a new cooperation framework agreement with the EU, which seeks to establish the basis for a future economic and political association. Unlike the treaty with Mercosur, the framework agreement with the EU does not contemplate the phasing out of tariffs, but rather establishes a trade subcommittee, which will be tasked with the gradual and reciprocal liberalization of bilateral trade taking into account the sensitivity of certain goods.

The Frei administration scored another "diplomatic success" in San Luis Province on 25 June by signing the economic complementation accord with Mercosur, which provides for the phasing out of tariffs so that approximately 60 percent of bilateral trade between Chile and Mercosur will have been liberalized by 1 January 2004.

Pursuant to the Constitution, international agreements negotiated and signed by the executive must be ratified by Congress. Such is the case with the EU accord.

According to the present administration, the executive is not obliged to submit the Mercosur accord to Congress for ratification since it was signed within the framework of another agreement, viz the Latin American Integration Association, which has already been ratified by Congress.

Nevertheless, there are sectors — including the Senate president himself — that deem that the accord with Mercosur is not constitutionally exempt from ratification.

Notwithstanding this controversy, it was said that President Eduardo Frei has announced his decision to submit the accord with Mercosur to Congress in light of the importance of this accord. [passage omitted]

Chile: Article Analyzes Benefits of Mercosur Accord

PY0307033596 Santiago EL MERCURIO in Spanish 2 Jul 96 p C3

[FBIS Translated Text] In the medium term, the economic complementation agreement between Chile and the Common Market of the South (Mercosur) will benefit Chilean consumers since, given the tariff preferences and special quotas our country has granted to this common market, Chilean consumers will have access to cheaper products.

The bearing such tariff preferences will have on imports of goods from Mercosur should have a salutary effect on the basket of basic staples and therefore, make the Consumer Price Index (CPI) show slighter variance.

Government economic sources have made it clear that the beneficial effects of this accord will not be felt immediately. They nonetheless stated that the projected increase in the number of openings due to the expansion of Chilean exports to Mercosur would contribute toward the well-being of Chileans.

It is very likely that this trade accord will not only stimulate Mercosur imports, but also boost Chile's exports to that common market comprising 200 million consumers.

The accord with Mercosur, which will become effective as of the forthcoming 1 October, provides for the liberalization — i.e. the convergence at zero tariff — of approximately 60 percent of bilateral trade between Chile and Mercosur over the span of eight years. This should bolster both Chilean exports to and imports from Mercosur member countries and vice versa.

Chile's imports from Mercosur amounted to more than $2.054 billion in 1994 whereas last year, they topped the $2.877 billion mark.

In general, Chilean products will enter that megamarket paying a 6-percent tariff as of 1 October. This is most important bearing in mind the fact that Mercosur levies a common external tariff on imports from third countries, which in most cases exceeds 14 percent.

By examining the list of preferences annexed to the economic complementation agreement, it is possible to see that the enforcement of this accord will have some effects on the Chilean consumer. Products like frozen grouper, coffee beans, black tea, yerba tea will enter the Chilean market paying zero tariff. Imports of boneless beef from Argentina and Brazil will enter Chile paying a 7.7 percent tariff whereas Uruguayan and Paraguay beef will only pay a tariff of 5.5 and 2.8 percent, respectively, instead of the current 11 percent levied on imports of beef.

Other goods that will enjoy zero tariff, or 100-percent tariff preferences, are cocoa butter, cotton which has not been carded or combed, crude aluminum, and crude aluminum alloys.

Chilean consumers should also derive benefits from the accord with Mercosur in the medium and long term due to the tariff cuts Chile has granted to zero-rated imports of capital goods like tractors, auto parts, and accessories from Argentina, Brazil, Paraguay, and Uruguay.

Tariff cuts of up to 50 percent of the 11 percent tariff levied by Chile have been granted to machinery like tow trucks or rigs (6.6 percent), graders (5.5 percent), and milling, crushing, grinding, or pulverizing machines and devices (6.6 percent).

A similar cut will also benefit imports of leather, furs, clothing, textiles, and footwear.

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These average tariffs will be phased out in eight, 10, 11, 15, and 18 years according to what has been agreed upon depending on the degree of sensitivity of each product.

The importance this accord has both for the man in the street and Chilean producers and exporters led Chilean negotiators — most of whom come from the Foreign Ministry International Economic Relations General Directorate — to try to obtain until the very last minute the best conditions for Chile's access to the Mercosur market and for benefiting the Chilean economy as a whole.

The positive effects this accord will have can be clearly seen when considering Chile's imports from Mercosur in value terms in 1995 and compare them with the various lists agreed upon within the framework of the tariff elimination program.

There is a list of goods which, as of 1 October, will benefit from a general tariff cut to the tune of 40 percent. Tariffs levied on this category of goods will be phased out within eight years.

Furthermore, tariff preferences granted to products by virtue of bilateral agreements will also be phased out within eight years.

Tariff preferences governing the list of sensitive products has been initially set at 30 percent and will be phased out within 10 years. The list of special sensitive products does not envisage tariff cuts over the span of three years. As of 1 January 2000, an initial tariff cut of 14 percent will be conferred on these products and will be gradually increased to 100 percent in 10 years.

No tariff cuts will be applied to the items on the list of exceptions for a period of 10 years.

The following is a list of Chile's imports from Mercosur in 1995 in value terms according to Chilean lists:

— List of sensitive products: $387.769 million;

— List of special sensitive products: $51.024 million;

— List of exceptions on which tariffs will be phased out within 15 years: $300.069 million;

— Products on which tariffs will be phased out within 16 years (which is the special case of sugar): $22.253 million;

— Products on which tariffs will be phased out within 18 years (which is the case of wheat and wheat flour): $29.613 million;

— General tariff cut: $1.9064 billion.

The following is a list of Chile's exports to Mercosur in 1995, in value terms, according to Mercosur lists, which shows the incidence the accord will have:

— Products on which tariffs will be phased out within 16 years: $1 billion;

— List of special sensitive products: $43.997 million;

— List of products on which tariffs will be phased out within 15 years: $191.150 million;

— General tariff cut: $358.011 million.

Colombia

Colombia: Ministry Issues Communique on Ties With U.S.

PA0207144996 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 2 Jul 96

[Communique by the Foreign Ministry issued at the San Carlos Palace in Santa Fe de Bogota on 2 July; from "Caracol's 0600 to 0900" newscast]

[FBIS Translated Text] The Colombian Foreign Ministry has just issued a communique, which reads: In light of recent press reports which have not been denied and which were published over the weekend regarding some aspects of the U.S.-Colombia bilateral relations, the Colombian Government expresses the following:

1. A constructive relation between the two countries that makes more effective their cooperation against drug trafficking will only be possible if there is no meddling in the internal affairs of either country, and if there is good faith and mutual trust between the two parts, as well as respect for the legitimate authorities and constitutional and legal organizations of each state. To a country like Colombia, with a strong tradition of respect for the state of law and the principles of a representative democracy, any action designed to harm its domestic institutions is unacceptable.

2. The Colombian Government is very worried about the crisis of mutual mistrust building up regarding the commitment to the fight against drug trafficking. In addition, the Colombian Government is particularly concerned over the U.S. trend to adopt measures that disavow the principle of joint responsibility. Therefore, the Colombian Government reiterates its determination to establish bilateral trust mechanisms that will result in mutual benefits.

3. The two governments are responsible for preventing difficulties arising from the U.S. electoral campaign or the Colombian domestic situation from hindering the indispensable cooperation that should exist in the

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fight against drug trafficking. Drug addiction and drug trafficking will be the only ones to benefit from the deterioration of relations between two countries that should be allies in this common campaign.

4. Colombia is neither an enemy nor does it want to become an enemy of the United States. Colombia has not been tolerant with drug trafficking. Colombian has made more efforts than any other nation, has paid the highest price, and has earned international recognition for its actions against drug trafficking. Consequently, Colombia rejects any sanctions, unilateral actions, and offensive statements made against it.

5. Colombia views with special concern that the wrongful and unfair policy of the United States, apparently recommended by U.S. Ambassador to Colombia Myles Frechette, might stir up growing anti- U.S. feelings among the Colombian public. This circumstance would also hinder the adoption of measures deemed appropriate by the two governments. Any action that jeopardizes Colombia's democratic stability disavows the essential postulates of the inter-American model.

6. The Colombian Government sees as a constructive attitude the proposal to evaluate the current status of the bilateral relations. The Colombian Government reiterates its determination to conduct this evaluation in a joint, unbiased manner, based on mutual respect, with the intent to create a way of life that will stop the further deterioration of the U.S.-Colombian relations, and enable the two countries to make progress in their common objectives, despite any existing difficulties.

Colombia: Senate Head Proposes Referendum on Extradition

PA0207202896 Mexico City NOTIMEX in Spanish 1929 GMT 2 Jul 96

[FBIS Translated Excerpt] Santa Fe de Bogota, 2 Jul (NOTIMEX) — Colombian Senate President Julio Cesar Guerra proposed today, to call Colombians to a referendum so that they can decide on the extradition of drug traffickers to the United States.

"I am handing this matter over to the Colombian people so that we can all decide if we are to approve a constitutional reform or if we fully endorse the article in the Constitution" that bans the extradition of nationals, the legislator of the governing Liberal Party asserted. [passage omitted]

Guerra admitted that the mood is not right in Congress to handle this thorny issue and recalled that "all hell broke loose" when the parliament tried to ban it.

"I would not want this hot potato to be transferred to Congress," the Colombian senator asserted after he observed that "no one said anything" when the National Constituent Assembly discussed the extradition issue in 1991. [passage omitted]

According to recent polls, 67 percent of the Colombians are against the surrender of nationals to the United States and 23 percent consider that drug traffickers should be tried by authorities from other countries.

Colombian congressmen have interpreted the U.S. request as a political ploy to discredit President Ernesto Samper after the lower chamber exonerated him from any responsibility on the charges that he was allegedly elected with drug trafficking money.

According to the legislators, Colombia's refusal to extradite the drug kingpins will be used by Washington to create the right climate in the world to impose future sanctions on the country with the argument that "it does not cooperate in the struggle against this scourge." [passage omitted]

Colombia: Pardo Views Extradition, Nicaragua Treaties

PA0307031396 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 0000 GMT 3 Jul 96

[Report by anchor Fanny Stella Pallares and reporter Gian Paolo de Martis, from the "24 Hours" newscast; monitored from live relay by Lima Sistema Unido de Retransmision Television]

[FBIS Translated Text] [Pallares] Many wonder if the government's refusal to extradite Colombians could give Nicaragua the pretext to continue its claims on San Andres Island. We asked Foreign Minister Rodrigo Pardo this question.

[De Martis] Foreign Minister Rodrigo Pardo said today that the extradition treaty is not in effect, not due to provisions in the new Constitution but because the necessary procedures were never carried out for its implementation. Pardo said he does not know why the United States requests the extradition of alleged drug traffickers when it knows the Colombian laws forbid this.

[Begin recording] [Pardo] I do not know why an extradition is being requested when various people charged with drug trafficking have been, and currently are, detained in Colombian prisons while facing trials in the United States.

[De Martis] If Colombia does not fulfill its extradition treaty with the U.S. Government then other countries.... [pauses] Nicaragua could fail to comply with its border treaty with Colombia regarding San Andres Island. Is this true?

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[Pardo] International laws foresee how extradition treaties can no longer apply, based on an agreement between the parties, or based on a decision by one of the two parties. Border agreements like the Colombian-Nicaraguan border agreemet, which is currently in effect, do not foresee that possibility. Therefore, there is no mechanism through which Nicaragua, or any other country, may unilaterally declare a treaty null or void. [end recording]

Colombia: Samper Says 'Foreign Threats' Not To Stop Him

PA0307040596 Santa Fe de Bogota Radio Network in Spanish 0100 GMT 3 Jul 96

[Statement to the nation by President Ernesto Samper on 2 July; place not given — live or recorded]

[FBIS Translated Text] I am addressing you again, as I offered to do last week, to tell you how we are doing.

Our reconciliation message is making progress. In the past few days, I have been meeting with many different people, for example, with the transportation people. We analyzed ways to help them.

I have no intention to change the cabinet that has been loyally and efficiently accompanying me. I assure you, though, that by 7 August, on the second anniversary of my coming into office, we will have a restructured and working cabinet.

A few minutes ago, I received an official report from the Census Office. Do you know how many Colombians we are today? Be surprised and take note of this: We are 37,442,791 Colombians, proud Colombians.

My work has not stopped. As I had offered, we had the Bank of the Republic release more than 125 billion pesos to lend more and to be able to continue bringing down the interest rate, which is still very high.

I have also issued safeguarding clauses to protect Colombian textiles from contraband. This week we will issue an additional 100 billion pesos to speed up the public works we have been tackling. These works generate jobs, such as the construction of the second airfield section of Bogota's El Dorado Airport, which started last week.

Today, I signed two new decrees to encourage housing for low- income sectors. One decree establishes that savings and housing corporations must dedicate at least 25 percent of their credit resources to finance housing for low-income sectors and encourages the acquisition of used residences.

The idea of housing is not just to build more houses. Housing problems can be solved also by offering mortgages for purchasing, renovating, or improving used houses. For example, if I sell my house, I would be solving two problems with that action: I improve my standard of living by buying a new house and I am helping solve the housing problem of Colombians waiting to acquire their first house.

The second decree establishes legal mechanisms that will allow family equalization funds to use the 100 billion pesos they have to develop immediate programs.

By 30 July, these houses must have presented programs for the utilization of these funds, otherwise the government, through the National Urban Reform Institute will help the houses invest these funds quickly on all the social housing projects we have already earmarked.

The best thing is to have your money saved in the form of bricks and not in pesos in funds.

Tomorrow, I will be celebrating the birthday of Quindio and reviewing some social programs of my government in the coffee zone, as I have already told you.

As you can see, we continue fulfilling our tasks. I can assure you that if the slander of yesterday did not stop me, much less will I be stopped by today's foreign threats and pressure. I know perfectly well who elected me and who I am governing.

Good night.

Colombia: Lleras Claims Clinton Advised Run for Presidency

PA0307032596 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 0000 GMT 3 Jul 96

[Report by anchor Jorge Enrique Botero from the "24 Hours" newscast; monitored from live relay by Lima Sistema Unido de Retransmision Television]

[FBIS Translated Text] Another issue that worries the Colombian Government regarding its relations with the United States and that was revealed by the magazine SEMANA is a statement that Washington does not want an ambassador with presidential plans. Nevertheless, Carlos Lleras de la Fuente says Clinton advised him to run again for president.

Ambassador Carlos Lleras de la Fuente is clear about one thing on the U.S. agenda for the Colombian Government — President Clinton did not help in the preparation of this agenda. According to point 17 of the document, Colombia must appoint to Washington ambassadors who have no presidential plans. However:

[Begin Lleras recording] President Clinton told me: Ambassador, run again for president. Therefore, if I do

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this I would be simply following the U.S. president's advice. [end recording]

According to the former head of our diplomatic mission in Washington, relations between Colombia and the United States are not only in bad shape.

[Begin Lleras recording] They are facing their worst moment and it looks like they will become worse, much more worse. [end recording]

Lleras said the discussion regarding the extradition issue has not ended and he reasserted that Colombia must dedicate more resources and much more attention to strengthen our country's diplomatic mission in the U.S. capital.

Colombia: Samper, Balladares Cases Contrasted

96SM0416A Santa Fe de Bogota EL TIEMPO in Spanish 27 Jun 96

[Commentary by Enrique Santos Calderon — received via Internet]

[FBIS Translated Text] The president of Panama, Ernesto Perez Balladares, is facing a "narco-scandal" that has already lent itself to talk of his government's "Samperization."

I don't know how many of you have closely followed what is happening in our small neighbor nation to the north. It is worthwhile doing so, even if only to learn the difference between one Ernesto and the other.

It seems to me that there are at least three fundamental differences with respect to the Panamanian case that preclude talk of its "Samperization": the president's personal attitude toward the "narco-scandal", its politico-electoral significance, and the reaction from the United States. Let's see.

President Perez Balladares has admitted that contaminated money entered his campaign. As he himeself put it, he has had to "eat his words," in a frank, public admission that "de-Samperizes" him at the outset.

Hence, it is understandable that the Panamanian president has, with visible annoyance, rejected the comparison of his case with that of the neighboring Ernesto. Moreover, it should be recalled that "El Toro" Perez was one of the first foreign chief executives to describe President Samper's situation as extremely serious.

The second difference also is significant, because there is every indication that the greatest blemish on his campaign is the check for $51,000, and that this contribution was not sought by the candidate. Nor was it indispensable, because his campaign was never short of funds. And, although the saying that a candidate should always know the origin of the money financing him applies to the Panamanian Ernesto as well, his case is not comparable with that of a campaign which, in the din of a hard-fought runoff election, deliberately sought a contribution of several million dollars from a drug trafficking cartel that may have proven decisive in the very narrow electoral lead obtained by Samper.

Perez Balladares has insisted that his situation cannot be compared with that of his colleague, Samper, because, here, there really was an understanding between those responsible for the campaign and the drug traffic, whereas, there, "they were caught by surprise."

And it is truly inconceivable that, in the country that has most suffered the macabre effects of the drug traffic's meddling in politics, one of which has been the assassination of our best and most honest leaders, a president could authorize agreements with, or owe favors to drug cartels.

But I have no desire to return to this subject. Nor do I wish to repeat arguments that apparently do not have a sufficient impact on a society in which such things do not seem so serious, and in which the president can claim to have known and seen nothing, and continue to act as if nothing had happened.

I only wanted to call attention to the case of Panama, which simply confirms the drug traffic's capacity for penetration. However, it also teaches us to appreciate the difference in behavior of the rulers whom the latter succeeds in tarnishing.

The Panamanian Ernesto has admitted the entry of "narco-money" into his campaign, has apologized for it, and has announced that he will return the money. He has not wrapped himself in the banner of nationalism or populism to shirk his political responsibility. This show of civil courage and determination to get to the bottom of the problem, regardless of which heads roll, prompt the expectation that Perez Balladares will be able to defuse the problem in the medium term.

The U.S. Government also has emphasized the difference in attitudes between one Ernesto and the other. It has given a reminder that Samper was informed in November 1993 that Washington knew about the penetration of his electoral campaign by the drug traffic, but he never did anything to find out. Perez Balladares, on the other hand, immediately opened an investigation and publicly disclosed its results.

However, in assessing Washington's more benign reaction, we should also consider the fact that, six years ago, the U.S. invaded Panama, under the pretext of saving that country from the "narco-dictatorship" of General Noriega, whom it captured and sentenced to many

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years in prison. After such a controversial demonstration of imperial force, which left thousands of Panamanian civilians dead and the country half destroyed, the U.S. could hardly admit that the invasion served no purpose and that the country has a "narco-president" again.

That is not so, nor can Perez Balladares be compared with the sinister General Noriega. But the sole fact that the Panamanian Government is confronting a "narco-scandal" today simply underscores the enormous weakness of the entire U.S. strategy to combat this scourge.

It remains to be seen how the Panamanian situation develops, what the investigation now begun reveals, and how far the drug traffic's penetration of that country's present economic and political structure really extends.

It is most likely that things will continue to show up there, not to mention here. Samper's "acquittal" will not stop the snowball that is still rolling and growing. For example, Colonel Osorio has again "jumped" on the testimony of the witness from the Prosecutor General's Office, Luis Fernando Farfan, who claimed that the Samper campaign's ex-security chief, and later his police aide-de-camp (hastily appointed to a non-existent diplomatic post in Italy), maintained close relations with Jesus Sarria for nearly a decade.

It remains to be seen what explanations the president will give for this situation now. It is just the latest manifestation, another one, of a scandal that will continue to resound, and will pursue him "until the last minute of the last hour of the last day" of his term. And beyond that, I fear.

Colombia: Banking Superintendency Denies Unit Closure

PA0307032796 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 0000 GMT 3 Jul 96

[Report by Fanny Stella Pallares from the "24 Hours" newscast; monitored from live relay by Lima Sistema Unido de Retransmision Television]

[FBIS Translated Text] The Banking Superintendency denied today that it is considering the closure of the department that is fighting the laundering of assets, as stated in a government agenda published by SEMANA magazine. The superintendency said that, quite the contrary, officials are being trained and the agency's actions are being strengthened. Likewise, it emphasized that U.S. Ambassador Frechette is the person who knows best the Banking Superintendency's actions against money laundering, because he has been apprised in previous meetings and he has never stated his disagreement.

[Begin Banking Superintendent Maria Luis Chiappe recording] We have had meetings with the U.S. ambassador right here at the Banking Superintendency, with all the persons involved in the activity. He has at least knowledge of the efforts being exerted. [end recording]

The Banking Superintendency believes that, if all the contents of the agenda are true, the United States is disowning an activity that is being jointly carried out.

Ecuador

Ecuador: Observers, Security Forces To Monitor Elections

PY0207204296 Quito Voz de Los Andes in Spanish 1700 GMT 2 Jul 96

[FBIS Translated Text] Supreme Electoral Board [TSE] members, international observers, and Ecuadoran security forces will watch over the elections slated for 7 July, when the successor of current President Sixto Duran-Ballen will be elected, with hopes that they will be held in an open and orderly manner.

Diego Paz, Coordinator of the OAS Mission of Observers of the Ecuadoran elections, has said: We trust that this will be an electoral process with all possible guarantees. Diego Paz added that the TSE has adopted the necessary measures to prevent the repetition of irregularities detected during the first round of elections held on 19 May, which resulted in repeat elections in some zones.

More than 50 international observers from Argentina, Uruguay, Guatemala, the United States, Colombia, and Brazil will monitor the 7 July electoral process, Paz said. The OAS will coordinate the observation of special volunteers and of other groups that will also watch over the electoral process. Some of these groups include the Costa Rican Center for Electoral Promotion, and representatives from Russia and France, among others.

The presence of international observers during the runoff is very important considering the possibility that the results of the elections will be very tight, that the winner will obtain a slight majority over his opponent. According to the polls, such a slight difference in the vote tally will tempt the losing candidate to claim electoral fraud, according to commentators.

The TSE, international observers, and security forces will monitor the openness and order of the elections slated for 7 July. A total of 6.5 million inhabitants are qualified to vote and choose between conservative Jaime Nebot and populist Abdala Bucaram to be president of the Republic during the next four years.

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Among the measures adopted to increase security during the electoral process, Diego Paz said that all provincial delegates have supervised the content of the electoral material earmarked for their province before transporting them from Quito to the provincial courts. According to the OAS coordinator, the idea is to impose more logistical and administrative control on the process intended to overcome the irregularities committed during the first round of elections.

Moreover, the TSE has created a system to prevent any possible counterfeit with 26,000 different bar codes, and the same number of passwords in each electoral record. Likewise, the 7 million ballots that will be distributed among the 2,500 voting stations will have their own bar codes and one password.

According to TSE President Carlos Pardo Montiel, with this system it will be easy to immediately detect any fraud attempt.

The control of order during the elections will be in the hands of some 22,500 Armed Forces troops and 17,000 members of the national police who will participate on Sunday in the second part of the Democracy Operation. Rene Yandun, Coordinator of the military operation, has reported that the Armed Forces have strengthened security measures to prevent irregularities like those denounced during the first round. Thus, the military will be in charge of directly overseeing all the electoral material, he said.

The 22,500 Armed Forces troops who will be in charge of safeguarding and transporting the electoral material, and of controlling the voting stations began their work on 27 June, when distribution of ballots and ballot boxes began among the 21 provinces of the country.

Manuel Sarmiento, who is responsible for the police protocol department, has said that the police will guarantee free access to voting places, the external security of the stations, and the safety of TSE members, of the candidates, and of their political headquarters. He added that so far no threats have been received and no violent actions have been reported, however this usually occurs at the closing of the electoral campaigns like those carried out this week by the two candidates.

Ecuador: Race for Congress President Described

96SM0404A Quito HOY in Spanish 21 Jun 96

[Unattributed article: "Five in Pursuit of Congress" — received via Internet]

[FBIS Translated Text] While the election of the president of Congress depends on who wins the presidency of the republic, names of candidates for that office are already beginning to be heard. Carlos Vallejo and Jose Cordero, of Popular Democracy [DP]; Raul Baca Carbo, of the Democratic Left [ID]; Fabian Alarcon, of the Alfarist Radical Front [FRA]; and Luis Macas, of the New Country Pachakutik Movement, have emerged as "definite" candidates.

According to Heinz Moeller of the Social Christian Party [PSC], it is impossible for him to consider an alliance with the Ecuadoran Roldosist Party [PRE], because it is "his political adversary." But the legislator does not rule out an alliance with the parties of the center left — DP, ID, and the New Country Movement — to capture the presidency of Congress. With the 27 votes of the Social Christians, plus the 12 of the DP, there would be 39 votes, and only three more are needed for a majority — 42 votes — of the 82 deputies.

Moeller said that, although it was not easy to cite names, his party's support could go to Vallejo, Cordero, Baca, or Macas. With regard to Fabian Alarcon, Moeller said that "Alarcon's political representativity has greatly declined. As far as I know, the FRA has two deputies, and the president of Congress should have a base of popular representation," said the leader of the PSC.

Abdala Bucaram "Pulling" Deputies' Strings

Meanwhile, the PRE's principal leader, Abdala Bucaram — just as he "organized" the election of Fabian Alarcon a year ago — is involved now as well in the nomination of president of the Congress.

In the last few days he met with APRE [Ecuadoran Revolutionary Popular Action] deputies Frank Vargas and Gustavo Larrea, and with Fabian Alarcon. According to Larrea, the purpose of the meetings was to study the need to promote a broad congressional accord among the center left blocs, starting on 1 August.

The PRE is also seeking alliances because it has 19 deputies-elect and will have to obtain the support of other parties to form a majority.

The DP Has the Floor

The DP, however, has become the most sought-after party. Nevertheless, Deputy-elect Carlos Vallejo said that the National Council has determined that the bloc is to have autonomy of action — to be defined next week, with regard to Congress, within its ideological framework.

Vallejo said that aside from the designation of official positions in congress, he has proposed a way to form the third bloc, which would include the Christian Democrats, with 12 deputies; Pachakutik, with eight; five from ID; possibly two from the MPD [Democratic People's Movement]; and two from the APRE, who

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could present themselves to the public as a political force that seeks the independence of the executive and legislative branches, respect for Congress, the passage of laws without interference from the executive branch, etc.

Paraguay

Paraguay: Judge Confirms Imprisonment of Oviedo

PY0207133496 Asuncion ULTIMA HORA in Spanish 1 Jul 96 p 9

[FBIS Translated Excerpt] Criminal Judge Alcides Corbeta this morning modified the preventive custody of General Lino Oviedo, retired, to imprisonment and attached his assets for 700 million guaranies. Thus, the seditious general is legally liable for his coup attempt last April, and could be sentenced to a prison term of between five and 15 years.

In his ruling, the judge explains that, under the current status of proceedings, it is not appropriate to thoroughly assess the remarks made. In keeping with remarks by President Juan Carlos Wasmosy and other witnesses, however, it can be inferred that there exists some proof that Gen. Oviedo engaged in an act of sedition. [passage omitted]

Paraguay: Cavalry Notes 'Unrest' on Oviedo's Imprisonment

PY0207155396 Asuncion ABC COLOR in Spanish 2 Jul 96 p 3

[FBIS Translated Text] Cavalry officers have told NOTICIAS that Division General Juan Evaristo Gonzalez Maldonado, commander of the First Army Corps, met with all Cavalry commanders yesterday. It seems there is unrest over the course of the "Oviedo Case" [General Lino Cesar Oviedo, retired], particularly because of the preventive imprisonment ordered against the former Army commander and because of alleged intentions last April to "raze the Cavalry."

The meeting at the "Mariscal Lopez" Hall started at 1500 and went on until 1730 at the initiative of the First Corp commander. Gen. Gonzalez Maldonado talked about the situation inside the Armed Forces and the situation affecting Gen. Oviedo.

Our sources added that Gen. Gonzalez Maldonado asked the generals, high ranking officers, and lower-ranking officers present to keep "calm." Later there was what almost became a deliberating meeting during which some lower-ranking officers asked for more information about Oviedo's future, clearly revealing disagreement with the general's imprisonment.

Present at the meeting were the commanders of the three Cavalry divisions as well as commanders of all Cavalry branches and units. One of our informers explained: "The meeting lasted for nearly two and a half hours. It was attended by all the commanders, from General Julian Riego down to the lowest ranking officers."

One of the controversies involved public reports that, during the crisis, Air Force commandos ready to raze the Cavalry to "dust." Our sources said that some officers suggested Gen. Gonzalez Maldonado should seek clarification of the report to the commander in chief because it was considered offensive to the Cavalry and because "we cannot have a confrontation with our comrades."

The meeting convened by Gen. Gonzalez Maldonado to explain Oviedo's situation lasted longer than scheduled because some officers expressed irritation over Oviedo's preventive imprisonment.

Several Officers Included in an Inquiry

Army General Silvio Rafael Noguera, commander of the Military Forces, reported yesterday that the officers who signed notary acts in Gen. Oviedo's favor are undergoing summary investigations in their respective units. Noguera said that a subordinated officer cannot, under any circumstances, sign a document outside the institution on a situation inside it without the authorization of the commander.

The Military Forces commander said: "The fact that they went outside their units to sign notary acts" is questionable. He said that a subordinated officer must communicate any activity of that nature to his superior. "They did not communicate their decision, and inquiries have been opened in their respective units to investigate why," the commander said. This refers to 60 officers who said they did not receive an order to confine themselves to the barracks on 22 April. The documents were presented by Oviedo during his testimony before Judge Alcides Corbeta last week.

Noguera said later that following "the 22-April baptism by fire" it was now time to prepare the military to live in democracy. The important point is to banish from their minds the idea that they can subvert the constitutional order, Noguera said.

Paraguay: Wasmosy Removes 1st Cavalry Division Commander

PY0307030096 Asuncion RPC Television Network in Spanish 0000 GMT 3 Jul 96

[FBIS Translated Excerpt] The purging of the Armed Forces continues. Armed Forces Commander Juan Car-

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los Wasmosy today signed General Order No. 146, ordering the removal of General Julian Riego Gauto as commander of the First Calvary Division. In his place Wasmosy named Colonel Abel Omar Guerin acting commander of this division.

Moreover, Rear Admiral Jose Ocampos Alfaro is the new liaison officer between the Armed Forces and the National Congress. On the occasion of his presentation the respect for the institutional order of the Republic was confirmed.

High-ranking military officers went to Congress for a meeting with the new Senate authorities. On the same occasion Read Adm. Jose Ocampos Alfaro was introduced as the as new military liaison officer between the executive branch and Congress.

The meeting lasted more than one hour and, according to Gen. Silvio Rafael Noguera, commander of the Armed Forces, issues such as the desire to improve the institutional relationship were broached on the occasion.

[Begin Noguera recording] The Armed Forces confirm their determination to safeguard the institutional order and guarantee the definitive consolidation of the democratic process in Paraguay. At this moment in which we are slightly upset by a given situation, as everyone knows, we want to tell the legislators that the Armed Forces' stance is firm and unwavering. The Armed Forces firmly support the institutional order and the consolidation of the democratic process. [end recording]

Military men and legislators agreed to meet again in the coming days with the purpose of enhancing the civilian-military dialogue.

Paraguay: New Chamber of Deputies Leadership Elected

PY0207135896 Asuncion NOTICIAS in Spanish 29 Jun 96 p 8

[FBIS Translated Excerpt] Atilio Martinez Casado of the PLRA [Authentic Radical Liberal Party] has been elected Chamber of Deputies president, Bernardino Cano Radil (ANR) [National Republican Association — Colorado Party] has been elected Chamber of Deputies first vice president, and Antonio Alvarez Alvarenga (ANR) has been elected Chamber of Deputies second vice president. The elections were held on the afternoon of 28 June amid accusations and abrupt changes of plans among Colorado Party members. The National Encounter Movement bloc was the big loser. Disagreements within the ANR bloc decisively marked the election. [passage omitted]

Peru

Peru: Alternative Development Against Coca Evaluated

PY0207150096 Lima GESTION in Spanish 27 Jun 96 p 24

[Editorial: "The Long Task Ahead"]

[FBIS Translated Text] Signals have been received from the United States in the last few days on the importance of Peruvian drug enforcement operations for the U.S. administration. Those signals coincide with yesterday's celebration of the international day against drug addiction and trafficking, which was an opportunity to reevaluate this problem in our country.

The emphasis by Washington is centered on "Operation Laser," a large operation drawn up by drug czar Barry McCaffrey which uses high technology to interdict that illegal traffic. That U.S. official stated that the operation seeks to make the production and transportation of cocaine more difficult.

In principle, "Operation Laser" — in which other countries of the region are involved — represents a renewal of the desire by the United States to provide material support to counter trafficking. This is nothing trivial because some time ago it seemed the desire of the United States was weakening, with the consequent risk that countries of the region would be deprived of the necessary instruments to carry out their interdiction policy.

It is necessary to emphasize once again that this is only a part of the problem, and perhaps not the most difficult to resolve.

The real challenge for Peru, and also for Bolivia, is to fully reorganize the coca eradication policy instead of carrying out a simple eradication. This is needed for one basic reason: For the countries of the region the production and/or massive sale of cocaine is a problem linked, among other things, to a lack of economic options for the peasants. This is why the answer must be given in terms of an economic solution. Any other solution runs the risk of failure.

A senior UN official in charge of international drug control said a few days ago that now is a good time to promote alternative development because of the tremendous drop in the price of coca.

Taking advantage of this opportunity depends, however, on various factors. The main one is the economic resources available for the alternative development program. Peru must make a great effort to coordinate a good group of countries to provide donations. The

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understanding being reached by the countries of the Rio Group and the EU about the theory of shared responsibility could see the start of a stage of less financial uncertainty for such programs.

So far, some progress has been made in zones where the programs are being carried out, such as the Huallaga, Ucayali, and Pachitea basins.

It should be taken into account, however, that the map of drug-trafficking activities has great mobility. Coca growing moves around according to the progress of interdiction and replacement. Drug trafficking has its own substitution program. For example, in the Mayo River basin many peasants are gradually leaving corn and rice production and replacing them with coca.

A long task still remains ahead. Peru continues as the largest world producer of coca with about 260,000 cultivated hectares and a production of 192,000 metric tons annually. Foreign cooperation now seems to be entering a more promising phase.

Peru: New Constitutional Court Member Linked to Montesinos

96SM0405A (Internet) Peru DESCO Gopher in Spanish 20 Jun 96 p 1

[From Resumen Semanal 12-18 Jun]

[FBIS Translated Text]

"The Cancer of Power"

Manuel D'Ornellas expresses the following opinion on what has taken place: "At last we have a Constitutional Court [TC]! The agreed-upon 'closed list' formula—that is to say, the approval en bloc, by the system of 'give and take,' of the members of the court that it had lacked following the election of its judges Aguirre Roca and Acosta—was successful in the Congress. The qualifying majority mandated by the Constitution was obtained when several sectors of the opposition joined with the pro-government bloc. Previous votes for the purpose of completing the membership of the Court had failed, among other reasons, because of the persistence of the pro-government bloc in attempting to put Augusto Antonioli on the court, although no one had disputed the election of a less well-known person on the 'closed list,' Jose Garcia Marcelo. The National Intelligence Service (SIN) is stubbornly determined to put someone who is close to it—and/or to its 'gray eminence,' Vladimir Montesinos—on the Constitutional Court. Yesterday, the SIN's man was the unfortunate Antonioli; today, that man is Garcia Marcelo. The pertinent question is: Why does Montesinos deem it necessary to have someone from his entourage on the TC? The answer may be simple: we are faced with a new flareup of the 'cancer of power,' the disease that tries to affect everything and metastacize freely to all parts of the governmental organism, filling even the smallest void. The disease usually affects precisely those who already have the most power." (EXPRESO, 16 Jun 96)

Peru: Last-Minute Changes in Law Alleged

96SM0405B (Internet) Peru DESCO Gopher in Spanish 20 Jun 96 p 1

[From Resumen Semanal 12-18 Jun]

[FBIS Translated Text]

Judicial Coordination Council

Early on the morning of 16 June, the Congress of the Republic passed the bill that provides for reorganization of the Office of Public Prosecutor and the Judicial Branch, to be carried out by a Judicial Coordination Council that will function until 31 December 1998. This governmental body will consist of three members, representing respectively the Judicial Branch, the Office of Public Prosecutor, and the National Council of the Judiciary. The Judicial Coordination Council [CCJ] will also have an executive secretary with the right to speak and to vote. After a heated debate the Congress approved the measure, which was based on the bill—authored by PPC [Popular Christian Party] Congressman Antero Flores Araoz—that created the Council but gave it a broader multisectoral configuration and a function that was limited to coordination. The majority had initially intended to approve the bill introduced by C90-NM [New Majority-Change 90] Congressman Carlos Leon Trelles, which would delegate legislative powers to the Executive Branch to enable it to implement the reorganization and modernization of the Judicial Branch. From a legal standpoint, however, this proved to be impossible, because it would entail reforming the Organic Law of the Judicial Branch—a level of law that cannot be delegated.

The present head of the Executive Committee of the Judicial Branch, Jose Dellepiane, who is in charge of its administrative reform, will preside over the future Judicial Coordination Council (CCJ). In addition to Jose Dellepiane, the CCJ will consist of Carlos Montoya Anguerry, chairman of the National Council of the Judiciary, and a representative of the Office of the Public Prosecutor, who—the new law states—could be either the public prosecutor of the Nation, Blanca Nelida Colan, or someone appointed by her. (In the majority of the daily newspapers, 17 June 1996)

Expressions of surprise greeted the fact that not even the members of Congress who serve on the Justice Committee had a copy of the final text of the proposed

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law, the changes in which did not come to light until the heated parliamentary debate, inasmuch as the final text had somehow not been distributed during the plenary session. When interviewed, even congressman Carlos Ferrero of the majority bloc said he could not give any opinion on the final text because he needed at least three days to understand the proposed new law, which is a combination of several bills presented to the Justice Committee. He proclaimed his disagreement with the manner in which the law was approved and asked for time to study the law before commenting on its content. Many of the majority members of Congress who voted en bloc in favor of the law did not even know what was in it. Moreover, no institutional opinion on the subject was expressed by any of the three institutions of government that are covered by the reform (the Judicial Branch, the Office of the Public Prosecutor, and the National Council of the Judiciary), although the members of the Supreme Court who were motivated to speak to the press said they were waiting to read the text of the law before giving their opinion. They displayed clear symptoms of demoralization because of the almost complete lack of power that they will have following approval of the measure. Carlos Giusti Acuna, head of the Office of Supervision of the Judiciary, said that the members of the Supreme Court had met to discuss the significance and scope of the changes but were unable to reach any conclusions because of the lack of information. (EL COMERCIO and EL SOL, 18 June 1996)

On 17 June, two members of the Academy of the Judiciary (AM) submitted their resignations in the belief that the creation of the new Judicial Coordination Council constituted an attack on the autonomy of that institution. The members who resigned—Javier de Belaunde Lopez de Romana and Arseni Ore Guardia—maintained, in their resignations, that the law creating the Judicial Coordination Council replaces the AM's board of directors with another body, "thereby limiting the board's autonomy." The departure of these two prominent jurists from the AM was preceded by the resignation of Elmer Lozada Peralta from his position as Supreme Court justice for criminal cases. (GESTION, 18 June 1996)

Peru: Supreme Court Opposes New Law

96SM0405C Lima LA REPUBLICA in Spanish 21 Jun 96 p 1

[Unattributed article: "Supreme Court in Plenary Session Rejects Law That Reorganizes the Peruvian Judicial System" — received via Internet]

[FBIS Translated Text] Supreme Court President Moises Pantoja Rodulfo announced that the full Court had agreed yesterday to submit an alternative bill to amend the law that creates the National Judicial Coordination Council.

The confrontation between branches of the government became inevitable when the members of the Supreme Court convened in permanent session after determining that the total reorganization of the Peruvian judicial system—as conceived by the Executive Branch—constitutes a serious violation of the autonomy of the Judicial Branch, which is protected by the present Constitution.

"We met as a Plenary Court to examine this new law," Pantoja said, "and after discussing the law in a responsible manner—point by point—a committee was appointed to make a series of evaluations of this law that the government has sponsored."

He added that the Supreme Court justices had convened in permanent session and on Thursday 27 June will issue a public statement to inform the nation of the Court's position on Law No. 26623.

Based on the comments made by the evaluation committee, they will on that date also approve a substitute bill that replaces the disputed law and will submit it to Congress, in the exercise of their right to offer legislative initiatives.

It has been learned that yesterday's meeting of the members of the Supreme Court unanimously rejected the provision in the new law that grants full powers to a retired military man such as Peruvian Navy Commander Jose Dellepiane.

The evaluation committee consists of Supreme Court justices Carlos Giusti Acuna, head of the Court's Office of Judicial Supervision; Andres Echevarria Adrianzen, of its Civil Court; and Luis Ortiz Bernardini, of its Constitutional and Social Court.

Dr. Pantoja denied that he has resigned as president of the Supreme Court, as a press aide to the Executive Committee had stated early in the day.

The Plenary Supreme Court consists of 18 [as published] justices. They are: Pedro Iberico Mas, Alipio Montes de Oca, Luis Almenara Bryson, Manuel Sanchez Palacios Paiva, Hugo Sivina Hurtado, Lino Roncalla Valdivia, Javier Roman Santisteban, Nelson Reyes Rios, Elcira Vasquez Cortez, Andres Echevarria Adrianzen, Mario Urrelo Alvarez, Jorge Buendia Gutierrez, Luis Ortiz Bernardini, Luis Serpa Segura, and Carlos Giusti Acuna.

Supreme Court Justice Victor Raul Castillo Castillo, who under the new law would chair the Executive

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Committee, is currently on a trip to the United States accompanied by the executive secretary Jose Dellepiane, to whom the law grants a voice and a vote in the Plenary Court.

Most of the members of the Supreme Court declared themselves opposed to the articles of the law that reorganizes the Judicial Branch and substantially reduces the powers of the Plenary Court and those of the president of the Court while increasing the powers of the Executive Committee and especially those of the Executive Secretary.

Under the new law, the Plenary Court will only have the power to elect, by secret vote, its representatives to the National Election Board and to the National Council of the Magistracy, and the power to systematize and publish the decisions rendered by the Specialized Courts.

This is precisely one of the reasons why the Plenary Court is in permanent session since it was convened on Monday 17 June—48 hours before promulgation of Law No. 26623, which already forbids it to meet for the purpose of debating judicial policy.

The president of the Supreme Court will only represent the Judicial Branch at protocolar events; preside over the Plenary Court; and order the execution of the decisions of that Court.

The Executive Committee of the Judicial Branch, however, can intervene in matters that relate to the judicial office and profession and to the organic statute of the judiciary, and is empowered to dismiss those judges who fail to conduct themselves in a manner that befits their office.

Moreover, everything that relates to the Academy of the Magistracy will henceforth be directed by Commander Dellepiane. He will take charge of evaluating superior court judges, which in the opinion of many judges constitutes serious interference in their jurisdictional functions.

Peru: Editorial Critical of Congress' Pace

96SM0405D Lima LA REPUBLICA in Spanish 20 Jun 96 p 1

[Unattributed editorial: "End of the Legislative Term" — received via Internet]

[FBIS Translated Text] The second regular legislative term of the present government has just ended, and Congress continues to leave a legacy of shortcomings even more serious than those that were criticized when it was bicameral. To its further discredit, Congress has become a mere appendage of the Executive Branch, which is able to demand that it enact legislation that may even be unconstitutional.

Never, in our republican existence of at least the past 50 years, have we seen a majority so easily renounce its legislative function, as revealed by this most recent—and 20th—delegation of powers. The result is obvious: the principal legislative body—through the use of emergency legislative decrees—is now the Cabinet, with the full measure of subjugation that this implies.

Because of the absurd refusal of the pro-government bloc to meet more than once a week, Congress has come to the end of its legislative term with an overloaded agenda of almost 40 bills awaiting action. At the last minute, Congresswoman Martha Chavez attempted—without even consulting the full Congress—to initiate a forced march by convening a "supplementary session" for midnight Saturday [22 June] and prolonging it to 0600 Sunday morning.

It was the hour for passing surprise bills, such as the one that orders new intervention of the Judicial Branch whereby all power is handed over to the ubiquitous naval officer Dellepiani, who is in the process of distorting—with astonishing ignorance and abuse of the Constitution—institutions that had been planned over a long time and were only in their initial stages, such as the Academy of the Judiciary.

Even before this, the majority bloc had already politicized an institution such as Glass of Milk (Vaso de Leche), thereby destroying an organization that had functioned for 12 years by breaking it up in order to distribute it among the district councils for the benefit of the greedy constituency of the councils that are dominated by New Majority-Change 90.

Still earlier, the majority had curtailed the right of the opposition to interrogate the cabinet ministers by refusing to honor requests for the members of the cabinet to appear, courteously transforming them instead into "invitations" so as to enable them to talk about matters of their choice and merely fill out questionnaires.

Of the very long list of items on the agenda that are still pending, the most notorious may be the Code for Criminal Trials—which would untie the hands of the justice system more effectively than the intervention of 10 "coordinating committees"—and the proposed regionalization law, which has still not been acted on despite the fact that the Constitution establishes the year 1995 as the deadline for convening the election of the concerned officials.

Nor has there been action on the law to resolve the situation of the innocent persons who have been falsely accused of terrorism. It will soon be one year since

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President Fujimori himself disclosed this situation and asked Congress to pass legislation to review the cases of the 400 to 700 Peruvians who have spent from two to four years in prison. All that is known is that there are seven preliminary drafts of bills in the Human Rights Committee, but Congresswoman Luz Salgado is incapable of getting even one approved.

Anther omission was the proposed law against sports violence, which continues to cause deaths and was introduced repeatedly in the next-to-the-last session of Congress. Still other measures that have definitely not been acted on include the proposed reform of the bylaws—on which both the majority and the minority have already rendered their opinions—and a handful of agreements that would improve the work of the Congress, including compulsory attendance at committee meetings, compliance with the deadlines for action on bills, and installation of an electric scoreboard for recording the voting.

So that no one will think we are emphasizing the negative, we shall say that there are at least two favorable, and well-received, developments: the election of the Public Defender and the election—although patched and irregular—of the five members of the Constitutional Court that remained to be elected. These are two institutions that make our imperfect democracy more perfect, and perhaps that is the reason it was like pulling teeth to get the majority bloc to agree to them.

In general, however, the balance is negative. Much more must be done before we can elect a Congress that is an effective and truly investigative body—a task that continues to be totally neglected—but it is doubtful that this will ever take place, given the almost religiously submissive attitude toward the designs of the Executive Branch.

The most recent item of bad news is that Congresswoman Chavez is planning to run for reelection. So that she can do what she failed to do in her first year? Any doubts are justified.

Peru: Editorial Calls Passage of Law 'Violation'

96SM0405E Lima LA REPUBLICA in Spanish 21 Jun 96 p 1

[Editorial: "Violating the Constitution" — received via Internet]

[FBIS Translated Text] There is nothing more dangerous for the legal security of the nation than the early morning sessions of Congress at which—by means of the so-called surprise laws—the pro-government majority is able literally to approve anything without caring one whit whether or not it conflicts with the ad hoc Constitution that Fujimorism gave itself.

That is what occurred around 0500 hours early last Sunday, when the president of the Congress expedited a judicial reform bill that conflicted with the 1993 Constitution and the organic laws of the Judicial Branch, the Office of the Public Prosecutor of the Nation, and the Council of the Judiciary, all of which enjoy autonomy and cannot be subordinated.

The bill took, as its starting point, a plausible initiative sponsored by Congressman Antero Flores Araoz, who sought to create a coordinating organ for the Judicial Branch, the Office of Public Prosecutor of the Nation, and the Council of the Judiciary.

To the annoyance of its own sponsor, the bill in question was modified, amended, and finally divested of meaning, to the point that it became unrecognizable. The new Frankenstein created by Fujimorism is the so-called Judicial Coordination Council, a kind of superpower that holds sway over the Office of the Public Prosecutor, the Judicial Branch, the Council of the Judiciary, and all the other judicial organs. It has been invested with the power to hire and fire until 1998.

To add insult to injury, this superpower is headed by the Navy officer Jose Dellepiani, whose duties had been limited heretofore to the Executive Committee of the Judicial Branch, which in practice has been transformed into a kind of "grand inquisitor" with all-encompassing powers.

The aforementioned Council is an organ of administration, government, and control, and nothing will take place in the judicial sphere without the Council's authorization. It is the typical vertical formula that an authoritarian regime construes as reform: that is to say, the concentration of power in a few hands that preferably are obedient to the Executive Branch. This formula has been followed several times since 5 April and most recently on the occasion of the announced governmental reform, which concentrates power in three cabinet ministers.

The dean of the CAL [Lima Bar Association], members of Congress, lawyers, and judges have denounced the unconstitutionality of what has been approved. They have recommended that an action be brought before the Constitutional Court as soon as the Court has been sworn in, with a view to restoring matters to their proper place and redirecting the judicial reform through democratic channels.

Meanwhile, a mixture of panic and confusion reigns in the Judicial Branch, the Office of the Public Prosecutor, and the Council of the Magistracy: first, because those judges and Supreme Court members who dare to criticize this law that outrages them will be putting a

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noose around their own neck, and second, because they had understood that a reform was already under way.

Now everything will have to start over again, with the aggravating circumstance that it has all been for naught from the outset, because this Council of Judicial Coordination would have no future whatever in a country that possesses a solid and reliable legal system to preclude any violation of the nation's institutions.

So that we will not be misunderstood, may we say that we have spoken many times from this very podium in favor of a reform of the Judicial Branch (to which must be added the Office of Public Prosecutor of the Nation), but the mechanisms authorized by the Constitution should be used to implement that reform, which in turn should respect the Constitution.

It is clear from the foregoing that those judges who are saying that the law as approved "only concerns administrative matters and does not affect jurisdictional powers" are either blind or do not wish to confront reality. The law alters even those new institutions which it was hoped would function as breeding grounds for training new judges and public prosecutors—institutions such as the Academy of the Judiciary, which has now been charged with tasks of "evaluation" that are not properly their concern.

The legal resistance that the Judicial Branch, the Office of the Public Prosecutor, and other affected entities can bring to bear to oppose this attempt to subjugate them is an important factor. If they bow their heads now, we need not expect much from our judicial institutions in terms of autonomy and independence.

If the intent were to combat the corruption, bureaucracy, or inefficiency that are encrusted within our judicial institutions, that would be fine. That is not at all the case, however: we are facing a new situation of subservience, precisely at a time when judges and public prosecutors were beginning to regain their independence.

Peru: Columnist on Ways People Are Showing 'Discontent'

96SM0405F Lima LA REPUBLICA in Spanish 18 Jun 96 p 1

[Commentry by Mirko Lauer: "Winter of Our Discontent" — received via Internet]

[FBIS Translated Text]

Memorandum on Everyday Politics

1. Cases of corruption surround the president and are present in other areas of the public administration. The fact that Alberto Fujimori has said he is leading the moralization effort does not alter the factors that have created the problem. Public employees have been exempted from the obligation to present a sworn declaration.

2. There are disputes among different factions of Fujimorists. There is a connection between the massive presence of Nisei citizens in the public administration and the management of the government without any real supervision. There is a strong image of nepotism and cronyism that amount to using public posts for private purposes.

3. Labor unions—and society in general—are increasingly protesting the economic conditions of the population. Prices have increased, and wages are stagnant. This is an especially sensitive subject with the armed forces, but it impacts the entire labor force.

4. Peru occupies an extremely exposed position vis-a-vis Ecuador and the guarantor nations of the Rio Protocol. Everything reflects a tendency to induce Peru to relinquish positions for the sake of of the peace that is threatened by Quito.

5. The president's approval rating is steadily declining in the public opinion polls, while negative opinions of the management of the economy are steadily increasing. There is a callous indifference to public opinion, which had previously been cited as legitimizing the acts of the government.

6. There has been an exponential increase in common crime, and violent crime in particular. Education and public safety—the two basic tasks of the new market-oriented state—have been neglected for lack of interest and lack of funds, creating the image of a government that is inefficient in the social area.

7. Thousands of employees in the public sector are threatened with unemployment beginning in 1997, according to government statements.

8. There is an inability to resolve the domestic crisis in production, and industrial production in particular. Business failures among banks are snowballing.

9. There is distrust of the measures taken by the government in a number of areas, such as the seizures by the Sunat [National Tax Administration Sueprintendency], the breakup of the Glass of Milk (Vaso de Leche) Municipal Program, and the blow struck at the Judicial Branch.

10. It is apparent that public opinion is already associating privatizations with denationalization and with the increase in fares, rates, and prices, which is interpreted as a means of benefiting the new owners.

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11. The independent analysts abroad continue to have doubts with respect to the future of the government's economic program.

12. The abuse exemplified by the practices of the congressional majority, the delegation of powers, and the ruthless administrative actions is creating a widespread sense that all of the nation's formal democratic mechanisms have become inoperative.

Peru: Differences in Polls' Ratings Discussed

96SM0405G Lima EXPRESO in Spanish 18 Jun 96 p 1

[Received via Peruvian Foreign Ministry's Internet site]

[FBIS Translated Text]

Is Fujimori's Popularity Rising or Falling?

The most recent polls regarding President Alberto Fujimori's popularity have caused confusion among the public because of their sharply divergent results.

The poll taken by Apoyo weekend before last recorded a rise of six percentage points from the figure for May, which gave the president a rating of 65 percent.

On the other hand, Imasen recorded a decline of five points (to 55.6 percent) from his previous rating.

Giovana Penaflor of Imasen and Alfredo Torres of Apoyo agreed that the difference was probably due to the fact that the two polls were taken the same month but on different days, separated by an important event—the increase in the price of gasoline on 11 June—whereas Imasen took its poll between 12 and 14 June, after the unexpected price increase, which could explain the president's decline in popularity.

"Before the increase in the price of gasoline," Torres said, "people had retained the positive images of Fujimori's trip to the United States; the contract with the Shell-Mobil consortium for exploiting the Camisea gas; the signing of the letter of intent with the IMF; and the announcement of the moralization campaign."

After that day the picture changed. According to Penaflor, with the rise in the price of gasoline—although it was slight—the people began to fear the possibility of a rise in the prices for products of primary necessity. (The daily EXPRESO)

Peru: New Court Said Lacking in Budget, Locale

96SM0412A Lima LA REPUBLICA in Spanish 24 Jun 96 p 1

[Interview with Constitutional Court member Guillermo Rey Terry; place and date not given: "Rey Terry Says Constitutional Court Will Not Defraud the Nation" — received via Internet]

[FBIS Translated Text] Dr. Guillermo Rey Terry insists that he will not countenance pressure from anyone.

Dr. Rey Terry—one of the seven members of the Constitutional Court [TC]—told LA REPUBLICA yesterday that neither the Executive Branch, nor any other branch of the government, will be able to manipulate the Court, which is holding an internal election today, Monday, to choose its president.

He acknowledges, however, that the small budget allocated to the Court is a poor start "because," he says, "it is not enough to demand efficiency; the most important thing is to give us the weapons to achieve it."

[LA REPUBLICA] The president of the TC is being elected today, and the procedure for doing so has not been established. Some say that six votes out of seven are necessary, others say five out of seven.

[Rey Terry] The law very clearly states that the vote must be secret. That is to say, the members will write on their respective ballots the name of the person they believe should hold this high office.

[LA REPUBLICA] How many votes are necessary in order to preside over the Court?

[Rey Terry] When the seven members vote the first time, we will require five. If no one gets that many votes, whoever gets the most votes will be president of the Constitutional Court.

[LA REPUBLICA] There are several opinions regarding the internal voting process. Some say a law can be declared unconstitutional with five votes, but Dr. Diaz Valver proposes that it be six out of seven.

[Rey Terry] The law is also unequivocal on this point: it says that six votes are required.

[LA REPUBLICA] Do you agree with the reduction—to six months—of the six-year time limit for filing an action to declare a law unconstitutional?

[Rey Terry] Well, because this is a matter that theoretically could become the object of a petition in connection with this law, no opinion should probably be expressed; and if I say something, it would amount to offering an opinion.

[LA REPUBLICA] So will this be one of the first items on your agenda?

[Rey Terry] It will be, if the action is brought by some of the people—or groups of people—who are allowed to do so by the Constitution, such as the president of

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the Republic, 25 percent of the members of Congress, 25,000 citizens with their authenticated signatures, the public prosecutor of the Nation, the public defender, professional associations, and municipalities within the area of their competence. We are obligated to review any law if the persons designated to protest it appear before us—and not just this particular law, but any law.

[LA REPUBLICA] What is the exact number of cases that you will have to resolve merely at the outset?

[Rey Terry] I really do not know. The media, for example, say there are 1,600, and on the basis of that figure, I imagine there must be some cases that are beyond the statute of limitations or are frivolous, or the purpose of the petition has already been satisfied.

[LA REPUBLICA] In view of the large number of cases, how will the seven judges divide up the work load?

The Three Factors of Success

[Rey Terry] In answering this question, one should bear in mind three things that we need: first, an increased budget, to enable us to hire the team of advisers that the law has authorized; second, a locale where we can work; and three, the support of the press.

[LA REPUBLICA] Is your present locale in Lima not suitable?

[Rey Terry] In no respect is it suitable. We need quarters where we can do our work with sufficient infrastructure to enable us to solve all these problems.

[LA REPUBLICA] Is the press important for the work of the TC, and why?

[Rey Terry] We need the support of the press, to provide us with a calm work environment and to emphasize the positive aspects of the work we are doing. We need to feel we are supported by the press, which is an expression of our nationhood, of our fatherland.

[LA REPUBLICA] What should the limit on the expenses of the TC be?

[Rey Terry] It is a small budget, but I am sure that they will increase it by using the appropriate mechanisms, which could be an emergency decree or some other available means. I am sure they will.

[LA REPUBLICA] Why does the budget need to be increased?

[Rey Terry] At the very least, to enable us to have a group of advisers that can act as a sieve to winnow the well-advertised 1,600 cases. I believe these advisers should be young lawyers with expertise in Constitutional Law, who would make the initial tabulation of these cases but who could in no way be mistaken for a bureaucracy.

[LA REPUBLICA] Would this be the only reason for additional spending?

[Rey Terry] No, it is not the only reason. These funds should also cover the expenses of a computer system to interconnect us with other systems that already exist: that is to say, with all the modern components of our labor such as libraries and facilities to accommodate our physical presence—in short, those basic factors that will enable us to do our work.

Efficiency is being demanded of us, and in order to be efficient we need the tools that are necessary.

[LA REPUBLICA] Some members of the TC have been accused of having a definite political position. Is this a factor that will influence the imparatiality and independence that are claimed for the TC?

[Rey Terry] What I can say is that we are basically a group of university professors. You have Dr. Delia Revoredo, an expert in world trade; Dr. Aguirre Roca, a very distinguished professor at the San Martin de Porres University, who holds a doctorate from the University of Paris; Dr. Nugent, former president of the Supreme Court and former university rector; and I, modestly, who hold a doctorate from the University of Rome and am a professor of Constitutional Law, Roman Law, and Estate Law.

[LA REPUBLICA] Is it not your responsibility to divest yourselves of any trace of politics?

[Rey Terry] It will be; I know that it will be. In the first preliminary conversation we had the day we were sworn in, I was able to see the human and professional quality of all the members of the Court.

[LA REPUBLICA] This election [for TC president] was initially endowed with great political significance.

[Rey Terry] Of one thing I am sure: we are not going to defraud the nation.

[LA REPUBLICA] The TC is tending to become an institution that can nullify laws made by the Legislative Branch, and in some cases by the Executive Branch. Have you considered the political pressure that these two branches of government could bring to bear on you and your colleagues on the Court?

[Rey Terry] In addressing that subject, I should speak of my own experience. When I was a member of the National Election Board [JNE]—and those were indeed

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difficult times—no one pressured me, and when it was necessary to oppose something that was in the interest of the then presidential candidate Fujimori, the decision went against him.

In the JNE I acted with the most complete and absolute freedom, and I shall defend and maintain that freedom in the TC.

[LA REPUBLICA] Does that apply to you and to the other members as well?

[Rey Terry] I am sure that the other six members will not allow themselves to be pressured, and we shall demonstrate this very shortly by our actions.

[LA REPUBLICA] The time limits for resolving civil rights and habeas corpus actions are 10 and 20 days respectively. Is it technically possible to resolve these cases within those time limits?

[Rey Terry] These time limits are absolutely impractical and distressful. It will be necessary to reach an accord to increase them, because we would not be able to comply with them even if we worked 24 hours a day.

Peru: Tudela Reaffirms Rio Protocol Framework

96SM0412B Lima EL COMERCIO in Spanish
24 Jun 96 p 1

[Unattributed article: "Accords Between Peruvian and Ecuadoran Governments Are Firm and in Force" — received via the Peruvian Foreign Ministry's Internet site]

[FBIS Translated Text] Foreign Minister Francisco Tudela emphasized yesterday that the diplomatic accords obtained in recent months with Ecuador—for the purpose of implementing the Rio de Janeiro Protocol and thereby achieving a final demarcation of the common border—are firm and in force. He has accordingly ruled out any possibility that these accords can be overturned by the new Ecuadoran political authorities.

As is known, a second election round will be held on 7 July to elect the new president of that country.

Tudela emphasized that Peru and Ecuador have undertaken commitments in their condition as nations, always in the presence of the four guarantor nations of the Protocol (Argentina, the United States, Chile, and Brazil).

He accordingly ruled any possibility of changing some of these commitments pursuant to the results of the general elections in Ecuador.

"The objective fact," he emphasized, "is that during this year we have signed a series of accords with Ecuador—accords that were concluded between states and are therefore firmly established."

The foreign minister pointed out that the principal benefit obtained from the recent meeting in Buenos Aires, Argentina, was the definition of the legal framework for the participation of the four guarantor nations in the effort to achieve a final resolution of the specified impasses that remain between Peru and Ecuador.

"The foundation has already been laid for the house in which the (basic) conversations will be held," he emphasized. "In Buenos Aires, the role of the guarantor nations was strengthened, and it was established that the entire bilateral process (of cooperation and assistance to the parties to the accord) will take place within the framework of the Rio de Janeiro Protocol." (From the daily EL COMERCIO, 24 June 1996)

Tudela Confirms Ecuadoran Military Maneuvers on the Border

Foreign Minister Francisco Tudela has confirmed that Ecuador is conducting military maneuvers near the northern border with Peru. He expressed regret that the authorities of the neighboring country to the north had not informed our country of the mobilization of its troops, as stipulated in the Itamaraty Peace Treaty that was signed last year.

In statements made on a television program, Francisco Tudela downplayed the importance of this development and explained that "the failure to notify Peru of the military operations was merely a procedural error."

"I am aware of the maneuvers," the foreign minister said, "and of the numbers of troops that have been mobilized for duty in the border zone, but the responsible course is not to allow these things to slow the peace process that both countries have initiated."

In this connection, he declared that a distinction must be made between what is incidental and what is fundamental, and that it would basically be "slightly ingenuous on our part to allow ourselves to be diverted by these matters and not proceed with the diplomatic process to which Peru committed itself by signing the 1995 Itamaraty Declaration of Peace."

Accusation

It should be pointed out that Peru appeared before the Military Observer Mission (MOMEP) to protest the mobilization of 8,000 Ecuadoran military effectives in the border zone, citing noncompliance with the Security Memorandum that is applicable to both countries.

It was also pointed out that before the meeting between foreign ministers Tudela and Leoro in Buenos Aires, incursions into our territory by sea and air had taken place in an effort to thwart the diplomatic talks.

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"This event has already been protested to the MOMEP," Tudela explained, "and it is being dealt with at the level of the ministries of Defense of both nations in accordance with the accords that have been signed, in which the guarantor nations are participants." (Daily GESTION, 24 June 1996)

Peru: Columnist Links 'Submissive' Judiciary, Corruption

96SM0412C Lima CARETAS in Spanish 21 Jun 96 p 1

[Commmentary by Fernando Rospigliosi: "Judicial Submission" — received via Internet]

[FBIS Translated Text] The third reorganization of the Judicial Branch in four years was approved in the style that has become characteristic of this government—namely, in great haste, with a bill whose contents were unknown to the members of Congress until the last minute, including even those who introduced it and tried to justify it.

The first reorganization was the one carried out immediately following the coup of 5 April 1992. The government removed those judges it wanted to remove and installed those it believed would serve it better. It had complete discretion to make whatever changes it wished to make.

Then the CCD [expansion not given], a product of the coup, appointed an Honor Court that evaluated judges for their performance since 1993. It began with the justices of the Supreme Court, dismissing some and appointing others.

The Constitution of 1993 also created institutions that immediately set about their respective tasks, such as the National Council of the Judiciary, which had the task of appointing and—in some cases—dismissing judges.

It now turns out that according to the official line, none of this was of any use in reforming the Judicial Branch [PJ]. One question is obvious: If two government-sponsored reorganizations of the PJ by outside agencies failed, why should the third be successful? There is no answer to this question.

The defenders of this new intervention in the PJ maintain that the solution for the inefficiency and corruption of our judicial system is to be found in strong management and administrative modernization. In reality, the principal problem of the PJ is—and has been—its subordination to the political establishment. Several books by Luis Pasara and other students of the judicial problems agree with this interpretation.

So long as the political establishment is able to keep a judicial system submissive and dependent, it will be impossible to have an administration of justice that is honest and efficient.

Judges who give in to pressure from the government—or allow themselves to be bought by the government—are also likely to sell themselves to any litigant or lawyer who is prepared to corrupt them.

It is obvious that if a government wants to control the PJ, it needs to have corrupt judges. That way, it is easy to subject them to blackmail and extortion.

Moreover, a government of that type acts in accordance not only with political objectives but also with private interests: that is to say, the government needs to have the PJ accept the Cantuta law and the Barrios Altos law. At the same time, however, powerful individuals in the government are enriching themselves by serving as intermediaries and resolving questions—rightly or wrongly—by using the influence that they have over the PJ.

This is the basic problem, and the law that Congress passed early Sunday morning intensifies the instability of the PJ and the governmental interference in that body.

The PJ is an important part of the mechanism of power of an authoritarian government such as the present one. By controlling the PJ it enjoys a guaranteed immunity, because that particular PJ will never dare to judge and pass sentence upon anyone who is part of the top echelon of government.

But it is also a formidable weapon for use against a government's adversaries. Anyone who opposes the government is immediately cast into the judicial machinery, which will proceed to grind him up without delay, as is occurring in the case of Ricardo Belmont and a number of his colleagues.

And that machinery always serves as a threat—a deterrent—both for adversaries and for potential dissidents. Anyone who represents a threat to the government knows that it could grind him up too.

Until now the government has achieved its goal of dominating the PJ, and this new law will further strengthen its control. The problem is—as Carlos Alberto Montaner has just written—"there can be neither democracy nor stability—and therefore no guarantee of sustained economic growth—in the absence of a very strong, independent, and respected judiciary." (EL COMERCIO, 17 June 1996)

"Without it," the Cuban liberal adds, "we are merely sitting on a mixture of gunpowder and fertilizer, which

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when it explodes usually gives the expanding wave an intolerable stench of death."

That is an accurate olfactory definition of the future that this most recent intervention in the Judicial Branch foreshadows.

Peru: CARETAS on Ecuadoran Bucaram's Past

96SM0412D Lima CARETAS in Spanish 21 Jun 96 p 1

[Unattributed article: "Beware of This Man" — received via Internet]

[FBIS Translated Text] *Abdala Bucaram could become president of Ecuador on 7 July—a disturbing prospect that would open an unstable chapter in bilateral relations.*

In Buenos Aires, negotiations with the administration of Sixto Duran Ballen are concluding with some signs that are hardly encouraging, namely: The United States is reducing its participation in the MOMEP [Military Observer Mission]; the imbroglio of the sale of Argentine arms to Ecuador is not clarified; and Ecuador is mobilizing reservists and intensifying its military braggadocio. In this context, the unbridled personality of Abdala Bucaram—and the possibility of his making electoral gains that will carry him to the presidency—make Peru's relations with the nation of the Guayas even murkier.

The second-round elections in Ecuador will be held on 7 July. The more questionable of the candidates is the 52-year-old Abdala Bucaram.

Bucaram is a dangerous demagogue and a person with a very bad background whose victory could have severe consequences.

He will contend for the Presidency against the Social Christian Jaime Nebot, and the most recent polls show them in a tie. The problem is that Bucaram is the stealth candidate of the administration of Sixto Duran Ballen, which also dominates the Ecuadoran National Election Board. Moreover, it is rumored that some votes legally cast for Nebot in the first round were not counted.

Bucaram is of Lebanese descent, as are a number of other Ecuadoran politicians. He is a nephew of Assad Bucaram, who was an effective mayor of Guayaquil in the 1960's and a leader of the social democratic-oriented Concentration of Popular Forces party. He also ran for President and subsequently served as president of the Congress.

The nephew, however, is another matter, and he incites fierce hatreds on the Ecuadoran coast.

"He is a consummate actor, a son of a bitch, and the devil's own demagogue," CARETAS was told by a Guayaquil journalist who says he regularly receives death threats from this individual and his people.

Abdala Bucaram's public career began when he was appointed superintendent of police in Guayaquil at 28 years of age, thanks to the good offices of his sister Marta, the wife of the just-elected president Jaime Roldos Aguilera. A woman of strong character, Marta Bucaram de Roldos dominated her husband.

Bucaram—nicknamed the "Grand Brother-in-Law"—began his career by rounding up and arresting prostitutes and homosexuals and parading them for 25 city blocks—past the Model Barracks and City Hall—in a grotesque march during which a mob amused itself by hurling insults and objects at the prisoners.

He subsequently set about arresting women and girls wearing miniskirts and sewing their garments to their bodies. Still later, his relatives in the government got him elected mayor of Guayaquil.

His previous campaigns for public "morality"—and his sometimes violent actions—did not, however, conceal the accumulation of larcenies that began to come to light in the municipality: the bribery, the illegal deals, and the misgovernment that quickly filled the streets with garbage.

One of the many anecdotes that surround this personage alleges that the then mayor once invited an attractive German female journalist to his office, where a nude and panting Bucaram greeted her.

In such a situation, Abdala Bucaram had to leave the municipality and flee to Panama before completing two years as mayor. Ever since then he has been pursued by more than 100 judgments and formal complaints.

In his place he left his henchmen and a well-greased political machine that at a later date installed his sister Elsa Bucaram in the very same mayor's chair in Guayaquil.

Elsa did not last even as long as her brother. After only a year and a half in office—pursued by legal actions—she fled to Panama, where she still resides: in a convent, according to her brother, but according to others, in a condominium.

Elsa would walk down the street surrounded by a very picturesque security guard detail consisting of a horde of black and half-black, half-Indian women armed with clubs. One day she got the urge to distribute gifts and toys and did so from mobile units that toured the city. The operation created mob scenes that resulted

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in 10 deaths and hundreds of persons injured. Some media organs insist that Elsa sold public space on seven downtown streets of Guayaquil at 3 million sucres per square meter to informal merchants, who proceeded to erect kiosks on them.

When Elsa left office she took with her a number of Renaissance-style marble sculptures from the city hall, bathroom fixtures, and other objects.

How is it possible that given this background, Abdala Bucaram has come so far?

The man is a fox and is backed by two millionaire businessmen: Carlos Azar and Alfredo Adum, who is reputedly a well-known smuggler. Bucaram lives in a private residence and has announced that his net worth is currently in excess of $36 million. He owns a mango ranch and has various other properties and interests.

"He was a tramp in the late 1970's," our source says.

Bucaram founded the PRE (Ecuadoran Roldosist Party), a vulgar organization that has no known platform and includes in its logo the faces of the late Jaime Roldos and his sister, despite the fact that her nephews have publicly repudiated Abdala and that one of them recently complained—in the Ecuadoran magazine VISTAZO—of the party's exploitation of the likenesses of his parents.

The heavy vote that Bucaram received came on the rebound from Ecuador's mountain region, where there is a well-deserved hatred of former President Leon Febres Cordero of the Social Christian Party, to which Jaime Nebot belongs.

Bucaram has exploited this adverse sentiment and has also named as his vice-presidential candidate Duran Ballen's attractive and popular minister of Education, Rosalia Arteaga, known as "Pretty Girl."

Bucaram also controls four radio stations and one television channel.

He has succeeded in getting his brothers into Congress, one of whom—Santiago—is representing Pichincha, despite the fact that he was born in Guayaquil and they hate him in Pichincha. He is the author of a bill that proposes to take income away from the local governments.

Duran Ballen has stated that there is no government-sponsored candidate, but when he met last week with the two finalists he revealed his preferences. He made an appointment to meet with Bucaram Friday morning [21 June]. It so happens that every Friday at 1100 hours there is an open-air band concert in the Plaza Grande of Quito in front of the government palace, and on this occasion Bucaram came out onto the balcony accompanied by the president and was therefore able to greet a crowd that was not perforce made up of his supporters.

"Bucaram is a nut," says one of his critics.

He announces that there are hit men who are out to kill him, and he recently insisted that they had sabotaged his airplane. It turned out later that his pilot had gotten drunk and damaged the plane in a maneuver at the airport.

Bucaram has made extreme and rash statements regarding the border question, and Peru should therefore be forewarned. One Peruvian politician, however, believes that Bucaram's election would disable Ecuador.

Nebot's task is to convince the voters of Quito and Ecuador's mountain region that the sins of Febres Cordero are not his own. Curiously enough, the former president has been elected mayor of Guayaquil and is doing a rather good job. That matters little in Quito, however.

Because the second round on 7 July coincides with the Ecuador-Argentina soccer match, there are efforts to change the time of the match, for otherwise a substantial number of voters might stay at home. No one knows who would benefit from this absenteeism.

Peru: Columnist on Emergence of Establishment Opposition

96SM0412E Lima LA REPUBLICA in Spanish 26 Jun 96 p 1

[Commentary by Mirko Lauer: "New Children of the Opposition" — received via Internet]

[FBIS Translated Text] A new opposition is emerging, one situated much farther to the right than the existing opposition. It consists of individuals who are already making a distinction between the policies of Alberto Fujimori and the interests of the establishment of the 1990's, of which these individuals are privileged members. They range between those who regard Fujimori as indispensable and those who see him as useful but increasingly difficult.

The names and texture of the opposition on the right have been changing over time. In the beginning, Sinesio Lopez identified it as **minimalist**, which meant that it was moderate and concentrated on the excesses of the regime but had an underlying affection for Fujimori. Here, we subsequently began calling it **Fujimorism Light**, which meant that there were more agreements than differences. Fujimori's attacks did not allow any designation to catch on.

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Today, both designations are inadequate to describe this new type of rightist: first, because the new opposition no longer comes from outside Fujimorism, and because the most committed of its front line activists are coming from the official establishment itself; and second, because these people are not interested in either minimalism or moderation in their criticism, but rather in an agenda of complete political change that will stabilize the economic and social model.

The signs of this new phenomenon are fragmentary but eloquent: for example, the transition of newspapers such as EXPRESO and EL COMERCIO, and certain TV channels, to positions that are increasingly independent; the positions taken by leading figures such as Carlos Bolona, Luis Castaneda, and Alberto Andrade (and most recently by Juan Carlos Hurtado); and the guerrilla warfare of moralizing accusations within the government itself. Everything is pointing in the same direction.

An initial effect of this embryonic opposition has been ultimately to dislocate the congressional and municipal opposition, which continues to suffer from an ambivalent—and therefore paralyzing—internal composition; from the necessity of playing a diminished role in the tasks of governing; and from occupying a position that runs counter to the political culture of these times.

It can be argued that this new attitude on the right is not an opposition but rather is part of a maneuver to bring about changes that will maintain the status quo. This, however, can be said of any democratic competitor who is part of the establishment. It so happens that today, no political figure of first magnitude is situated outside the establishment of the 1990's.

If the majority of the UPP [Union of the Peruvian People] can vote for a pro-government TC [Constitutional Court], if there are parties that criticize those of its leaders who participate in protest marches by the people, and if the comptroller appears to be more critical of the government than the opposition critics are, then why cannot Fujimori's former ministers of Economy not be his critics, whether today or tomorrow?

Moreover, things can prove to be very easy for this new opposition, because they are defending the present economic policy, whereas it is Fujimori who is paying the political price for that policy. In this way, Bolona can deplore the bad condition of the economy, knowing that neither Fujimori nor the maximalist opposition has the ability to change it. In the market, this is referred to as an ideal position.

Uruguay

Uruguay: Petition Filed With OAS To Regulate Arms Sales

PY0207150496 Montevideo EL OBSERVADOR in Spanish 13 Jun 96 p 7

[FBIS Translated Excerpt] Through a group of experts in arms and explosives, Uruguay has just solicited in Washington the regulation of light weapon exports. Light weapons are frequently used by narcoterrorists.

The Uruguayan stance was presented in Washington within the framework of an OAS meeting in which a hemispheric antinarcotics strategy for the 21st century was drawn up. This forum was chaired by Alberto Scavarelli, under secretary of the presidency of the Republic and director of the National Board for the Prevention and Repression of Illicit Drug Traffic and Abuse [Junta Nacional de Prevencion y Represion del Trafico Ilicito y Uso Abusivo de Drogas]. [passage omitted]

Uruguay: Corruption Charges Said To Affect Coalition

PY0307024096 Montevideo BUSQUEDA in Spanish 13-19 Jun 96 p 1

[FBIS Translated Excerpt] Whether or not the National Party will remain within the governing coalition is a question that surfaced this week after leaders and legislators of this party strongly demanded that the Colorado Party endorse their initiative to promote the impeachment of Broad Front Deputy Leonardo Nicolini, whose generic corruption charges against leaders of the previous National Party administration were regarded as "abusive" and a "permanent attack."

Although members of the Colorado Party agree with the criticisms against Nicolini, they are clearly against the proposal for an impeachment because they believe that there are no grounds for it and because the Blanco Party leadership has already brought the case before the court by filing charges of "slander and libel" against Nicolini on 10 June. [passage omitted]

Moreover, the members of the Colorado Party are waiting to see what the Broad Front deputy will come up with in the next few days.

For the past eight months Nicolini has been announcing that he can prove that officials of former president Luis A. Lacalle's administration, who made decisions regarding the purchase of goods by various public institutions within the framework of agreements with the Spanish company Focoex, charged "commissions." On 8 June, Nicolini told EL OBSERVADOR that

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"the documents and other elements available make one believe that during the previous administration there was an organization, comprising servants in key posts of the state apparatus, who worked for their own benefit."

On 11 June, at a meeting of the Broad Front bloc, during which representatives of all the member parties of the coalition participated, it was agreed to submit all the available information to the court next week. During the meeting Nicolini and his colleague Carlos Pita disclosed that the information included the testimony of Blanco Party members, for whose safety they fear and "documents endorsing their statements," according to what sources of the coalition told BUSQUEDA.

On 12 June, Nicolini filed a brief with Judge Enrique Moller who will hear the National Party charges against the deputy. In his brief, Nicolini argues that he has not committed any of the crimes for which he is charged because in his public statements he did not mention that party nor any of its members, recalling that he referred to "an organization of public servants who worked for their own benefit." He also reminded the judge that he enjoys immunity in his capacity as legislator. [passage omitted]

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